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HEARING

SENATE RULES COMMITTEE

STATE OF CALIFORNIA

STATE CAPITOL
ROOM 113
SACRAMENTO, CALIFORNIA
WEDNESDAY, AUGUST 6, 2008
1:32 P.M.

600-R

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WEDNESDAY, AUGUST 6, 2008

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Reported by:

Evelyn J. Mizak
Shorthand Reporter

APPEARANCES

MEMBERS PRESENT

SENATOR DON PERATA, Chair

SENATOR JIM BATTIN, Vice Chair

SENATOR GIL CEDILLO

SENATOR ROBERT DUTTON

SENATOR ALEX PADILLA

STAFF PRESENT

GREG SCHMIDT, Executive Officer

PAT WEBB, Committee Secretary

NETTIE SABELHAUS, Appointments Consultant

JULIE NYSTROM, Consultant to SENATOR BATTIN

DAN SAVAGE, Consultant to SENATOR CEDILLO

CHRIS BURNS, Consultant to SENATOR DUTTON

BILL MABIE, Consultant to SENATOR PADILLA

ALSO PRESENT

ROBERT "BOBBY" V. McDONALD, Member
Board of Governors
California Community Colleges

SENATOR DICK ACKERMAN

SENATOR LOU CORREA

SENATOR JACK SCOTT

ALICE D. PEREZ, Member
Board of Governors
California Community Colleges

HOWARD POSNER, Vice President
Board of Directors
SMUD

DIANA M. BORROEL, CEO
Sacramento Hispanic Chamber of Commerce

CAROLE A. HOOD, Chief Deputy Secretary
Adult Programs
California Department of Corrections and Rehabilitation

RUSTY SELIX, Executive Director
Mental Health Association of CA
California Council of Community Mental Health Agencies

PATRICIA RYAN, Executive Director
California Mental Health Directors Association

DAVID WARREN
Taxpayers for Improving Public Safety (TIPS)

RICHARD TATUM, State President
California Correctional Supervisors Organization

CHRIS BROWN
Association of Black Correctional Workers

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P-R-O-C-E-E-D-I-N-G-S

--ooOoo--

CHAIRMAN PERATA: We now have a quorum.

We're going to take Item 3(b) out of order because we have two highly placed, highly priced Members of the Senate, so we'll do that first, then Mr. Cook, because there's only one of you.

Gentlemen, together again for the first time. It's great to see you.

SENATOR ACKERMAN: Mr. Chairman and Committee Members, it's the pleasure of Senator Correa and myself to introduce and recommend the confirmation of Bobby McDonald to the Community College Board.

I've known Bobby for about -- too long -- about 35 years, back when he was only two years old. I can guarantee you're going to get a hard worker in this position. Everything that he's been involved in, from community colleges to Cal State Fullerton, to the Black Chamber, every activity he's been involved in, he takes it and he runs with it, and he brings other people along.

I remember he was responsible for some Titan athletic competition. And as soon as he starts calling you, you learn very quickly you just say "Yes," otherwise he's going to keep calling you until he gets it done.

CHAIRMAN PERATA: You say "Titan" like everybody knows what that is.

SENATOR ACKERMAN: That's Cal State Fullerton. They play in the College World Series once in awhile, and they

can probably beat the Oakland Athletics if they were head-on-head.

[Laughter.]

CHAIRMAN PERATA: That's for sure.

SENATOR ACKERMAN: Anyway, he's a great, great person, great family man, a real worker. He's a real success story in his own right.

It's my privilege to speak on his behalf.

CHAIRMAN PERATA: Thank you, Dick.

SENATOR CORREA: Mr. Chair, I'd just like to concur with Senator Ackerman.

I highly recommend Mr. Bobby Mac to the Community College Board.

It's interesting, trying to remember when I met him, and it's almost as though he's always been there. Very active in the community, always giving selflessly to all kinds of activities.

The Community College Board, educational, he's been around sports, universities, all his life. Cal State Fullerton is, my opinion, the Harvard of the West Coast, and one of those reasons is Bobby Mac. Tremendous diverse student alumni as well as student body, and a lot of that recruitment's being done because of Bobby Mac.

An issue, topic, that's very near and dear to my heart in Orange County is the Orange County Human Relations Commission and the work they do to reduce racial, ethnic tensions and prejudice, discrimination, in Orange County. And Bobby Mac is an individual who grew up in South Central L.A. He

grew up around the Watts riots, and I think that affected him and his psyche. He's taken that experience and has been very active in that area in Orange County.

I can't, just can't stop talking about the great things he does. I think he's a great guy, and I hope you'll support his position, sir.

CHAIRMAN PERATA: Thank you very much, both.

We will not expect you to stay for the entire meeting.

Thank you both.

Mr. Cook, I'm going to ask you to come up in deference to your time.

[Thereafter, the Committee acted on legislative agenda items.]

CHAIRMAN PERATA: Now if Mr. McDonald and Ms. Perez would come up we will take you in tandem.

Senator Scott.

SENATOR SCOTT: I thought I might say just a kind word about these with two candidates. Would you let me do that?

CHAIRMAN PERATA: Sure. You are a good politician.

SENATOR SCOTT: Well, I just wanted to say that I'm very enthusiastically supporting these two individuals who have served with such distinction already on the Board of Governors for the California Community College: Bobby McDonald who is, of course, head of the Black Chamber of Commerce in Orange County, and Alice Perez, who is an executive with SMUD.

I guess one of the things I might say about them

is that they obviously are people of great judgment.

CHAIRMAN PERATA: Obviously.

SENATOR SCOTT: They made a good choice about the future Chancellor of the Community College.

[Laughter.]

CHAIRMAN PERATA: Now Jack, you wrote it. I was going to say it, I swear. I have it right here.

[Laughter.]

SENATOR SCOTT: But I have had the opportunity to get acquainted with them, and I think they are -- I can see why the Governor did recommend their appointment. They are individuals who, as I said, have already served with distinction on the Board of Governors.

I just wanted to drop by and indicate my enthusiastic support of their candidacy.

CHAIRMAN PERATA: Thank you, Senator.

It's only down hill from here. We'll allow you to go first.

MS. PEREZ: Thank you.

Good afternoon, Mr. Chairman and Members. I'm very happy to be here today. Thank you for giving me the opportunity to come before you.

My name is Alice Perez. As he mentioned, I am an executive at SMUD. I head up their customer strategy group.

My background entails running a multi-cultural banking program for a national bank where I actually implemented various strategies to help give individuals access to financial services. That also encompassed a very core element of

education as well as outreach.

In addition to that, I serve on several boards in the local community that focus efforts on workforce development as well as ensuring that we help strengthen the relationships in our community through either programs for children to get through school, from K-12 through the community college, through the higher ed, as well as working with workforce development for some different types of vocational training programs. And then also working to ensure that I have a very keen understanding of students themselves.

To me, we can do all this work, but without really understanding the needs of the students, it's really ineffective.

I happen to be a mother of five children. And of those five, four of them have been through the college system. Two have graduated from UC. Two of them are in community college, and so I understand first-hand the challenges that students face.

I also was born and raised in San Francisco. Unfortunately at different times, you know, you have different family situations. Sometimes I had great education; sometimes I had not so wonderful. And in those times, I was fortunate for me that I had people that believed in me, that helped me to understand what my opportunities were to advance myself.

I also am a person who attended community college as well as going on to get my degree.

The other thing I do want to say is that I was married for 23 years to a Lt. Colonel in the Air Force who is a

veteran, and I totally understand the benefits of the veteran program, as well as what it is to be a dependent of a veteran and the entitlements that we received as veterans, and I totally appreciate that as well.

So, thank you for allowing me to be here today.

CHAIRMAN PERATA: Thank you.

You didn't have to move from San Francisco because you're Republican; did you?

[Laughter.]

MS. PEREZ: I moved from San Francisco because my husband was in the military, and we came here for training.

CHAIRMAN PERATA: All right, because I was going to talk to the mayor about that.

Mr. McDonald.

MR. McDONALD: Mr. Chair and Members, I want to thank you very kindly for this opportunity. Thank you also for letting my two Senators in my area speak on my behalf earlier. Now I'll be even briefer because they gave a pretty nice overview.

I am from Los Angeles, California. I do run the Black Chamber of Commerce of Orange County now.

And by the way, as far as Titans are concerned with the Oakland As, Kurt Suzuki is a Titan.

CHAIRMAN PERATA: I know that.

MR. McDONALD: But I'm a product of the community college system. I went to L.A. Harbor College and then transferred to Cal State Fullerton. I'm a veteran. I went to Vietnam twice, and so one of the reasons why I'm happy to be

here on -- for this board is because I am a veteran. I understand the community college system.

I have also was part of the CSU system, where I was part of the -- I was President of the Statewide Alumni Association, so I have a background with that.

With the Black Chamber, which I run now, I have -- I understand workforce investment and education, plus the career technical education component, so I bring the skill sets to work, and to make this thing, make this program work, and hopefully the board a little bit better if I can.

I'm just trying to catch up to speed on the learning curve to make it work.

CHAIRMAN PERATA: Jack will take care of that when he gets there. Just say yes.

[Laughter.]

CHAIRMAN PERATA: Any questions from anybody besides me?

SENATOR DUTTON: Just a couple.

Actually, it's just timely in light of Assembly Member Cook's item as well, and mentioning, too, your experience, both of you, with regards to the military service of your husband, and make sure you thank him for us. We appreciate it.

Of course, Bob, your prior military service as well.

You and I, Bob, did talk a little bit about this. There's been some concerns raised by some of the men and women coming home from the service that there doesn't seem to be the

same level of assistance or support at the community college level as I know there was back in the late '60s and early '70s.

I was curious, do you have any thoughts about how we can give better assistance to the veterans that are coming back, getting access? Helping them gain access to their GI benefits? Is there anything we can do to make sure that the community college districts up and down the state actually understand the importance of that? Can we give them some assistance or guidance as far as how they can better do that, and who to work with?

MR. McDONALD: I think there's a couple of things that we can do.

Back -- back when I was first came back from Vietnam back in '68, I know that they had just started -- well, actually in '72, they started putting on the community colleges a veteran's officer or a veteran's person, counselor if you will, to help out.

Now of course, with budgets and time constraints and stuff, that left and we didn't have a big war. Now we have Afghanistan and we have Iraq. So, those things have to come into play.

To better answer your question, there are -- I volunteered at the last meeting when we brought up the veteran's post -- program to be on that ad hoc, or start that ad hoc committee to look at veterans, and looking at counselors, and looking at ways that we can get the monies from the federal government. I believe there's $25 million on the table to help with the situation, because we know that these individuals are

coming back to community colleges because the community college is the place to start, or their second chance, as it was in my case, second chance.

MS. PEREZ: I know each of the colleges actually have an allocated person to help with outreach, and some of them have actually gone further, where they've actually developed teams, depending on who their potential audience is, as far as how many veterans they have in their area.

I think as a board member one of the things that I can ensure is that we have regular reports, not only of placing people on the campus, but what are the actual efforts under way. So, as a result of them being there, what are some of the activities they're actually participating in very specific to the outreach that they're doing, because the awareness is really critical. If people don't know that these programs are there, and they're aware for them, they don't know how to access the program.

So to me, part of that is partnering with the organizations that the veterans tend to be associated with, and doing outreach activities with them. But then also having accountability for each of the college campuses to report back to what specific activities they're participating in.

I like to always say, what you look at is basically what gets done. So, if we make an effort to track those things, there'll probably be more activity associated with that.

SENATOR DUTTON: Thank you.

CHAIRMAN PERATA: Alex.

SENATOR PADILLA: Just a couple of questions.

First, I wanted to ask you both to elaborate in front of the Committee and in public a little bit of the conversation we had in my office when you came by to visit, about sort of, you've been on the board for several months now. When you were appointed to the board, not just your reasons for coming onto the board, but sort of the role and responsibility of a board member? And what kind of change you can effectuate by serving in this capacity, and how that's maybe changed a little bit, or has it clarified a little bit in the months that you've been on the board, and how you would take that recognition forward on some of the issues that you want to address?

MS. PEREZ: I can start with that.

Part of the reason I was attracted to the board, previously I served on the CSAC Board, where we actually did the funding. But I understand there's a direct link, you know, to the college campuses to make sure that the kids that are getting the funding are actually completing the schooling. And so, a personal interest of mine is to ensure, one, that we're actually doing the outreach to the students; that we're actually letting them know what they need to do to get into college, and what programs are available to them.

I'm a firm believer not everyone's academically bound. They're not all going to go on to four years, so we also have to make them aware of the different types of vocational programs that are available to them, to help them be self-sustaining.

The other part of that is the workforce development piece. I think it's really critical.

My current organization today, as well as many others, are going to have a big workforce drain. In the next five years, we'll probably have 45 percent of our workforce retiring. We need to replace that.

So currently in my job, I work with Los Rios Community College and some other ones developing programs to help replace that workforce. Now, some of that is degree-driven, but some of that is also more vocational training. So, what we're doing is developing programs in how do we train that workforce to replace the one that's actually retiring.

And the other piece is looking at alternative ways to deliver the same service. When I look at the different budget cuts that are coming down, that doesn't mean to me that we can't continue to do what we do today. That means we have to find different ways to do what we do today. We have to be more innovative. So, maybe not just looking at a traditional classroom for instruction, but also looking at ways that we could make learning more available to students through either TV, or making it available through the Web, which the students today are very, very familiar with learning that way.

And the other piece of that as well is making sure that we always have our pulse on the student, because everything we do at our level -- we can develop a strategic plan. We could make all the best of plans, but if it's not really what the student needs to get through the school, then in

my mind we're unsuccessful.

So, part of what I hope to bring to the board is having that pulse on the community of the students and what they need, and helping to align that with the goals of the board as well as the locals.

I would have to say, one of the things I did talk about today is the role of the board. And the role of the board is much more advisory than it is policy setting. For me, what I'm trying to do is navigate my way through understanding that. And a good example of that is the text book.

You know, we came out with some recommendations on the text books. It seems like it's a logical thing to do, to write a policy around, but the position we take is advocacy instead. And I understand we want to give academic freedom to the locals, but at the same time if it makes sense and it benefits the students, why wouldn't we make that policy?

So, part of my role is also trying to understand what can we do as board members, and how impactful can we be to ultimately help the students.

MR. McDONALD: As I shared with you earlier, Member Padilla, in our meeting, I kind of like what Alice said earlier.

We know that in Southern California, Southern California Edison and Southern California Gas Company are going to lose 50 percent of their workforce in the next five years. So, the career technical education component, the workforce education component is very, very important, and we need to take a look at that.

The other piece of this is the -- the services: the firemen, the sheriffs. Those types of programs are growing, at least in Orange County, because there's a new building and new classroom, some facilities that were just built on the Marine Corps Base, thanks to Santiago Canyon College District, and that's happening.

The other piece is, we just received $50 million from the OSHA Foundation. So, one of the things I kind of want to take a look at is, make sure we can offer more scholarships to underserved and under-represented students, veterans, and students of color, and women. Those are very, very important. Those are things that I'm looking forward to happening on my term on the board.

SENATOR PADILLA: I appreciate that, particularly the recognition that it's sort of not just the role of the board members, but for the strength of the board. I think a lot of people may believe the board members have more authority to crack the whip and make changes in the community college system in the state than is actually the case, not that that won't change over time. That's number one.

Number two, an issue important to me is this issue of transfer rates from our students in community colleges to the four-year universities. The rates at which we're transferring students is way too low based on students' goals entering our community college system, and certainly based on the workforce needs of this state over the next several years and beyond.

I talked to you about some legislative as well as

some budgetary items that we're working on. I look forward to working with you on those issues because this new Chancellor you're getting, boy, is he squirrelly.

SENATOR BATTIN: I'll move the confirmation.

CHAIRMAN PERATA: I have couple questions, but first of all, do you have any family here?

MR. McDONALD: I have a couple of friends that are here. State Librarian Susan Hildreth's in the back, and Nicole Rice with one of the groups back there.

CHAIRMAN PERATA: Welcome.

MS. PEREZ: Actually my mother and five children are here with me in spirit.

[Laughter.]

CHAIRMAN PERATA: Five kids, you've got a school district by yourself.

MS. PEREZ: That's right.

CHAIRMAN PERATA: There's something that came to my attention recently, and I don't know if I was surprised or alarmed. And that is that the Chancellor's Office estimated that 90 percent of the incoming students are not prepared for college level work.

Jack's a good politician, so that number's going to drop as soon as he gets there.

You've been there not too long, but are you aware of that? And even though you're in an advisory role, how would you plan to cajole the administration to change that, other than just changing the number which is what we do here.

MS. PEREZ: Actually, if you ever attended the

board meetings, I mean, I ask a lot of questions, because I not only -- one of the things that was brought to our attention was that each of the campuses have created a plan around how they're going to do outreach, how they're going to work with the local K-12 to make sure that we're bringing kids on that are better prepared, that have the basic skills in place.

But to me, a plan is great, but if you don't track the implementation of that plan, then how successful are you really.

So, a lot of the questions that I ask are: How are we actually going to track the implementation of the plan? How are we going to partner with other groups that are out there today that are doing similar type activities so we're not reinventing the wheel, but we're leveraging the strengths of everybody that's out there doing similar type work?

So, I think through tracking of this, not just having a plan -- and also, I think we can leverage the budget from the standpoint that if we're allocating the budget, part of that allocation can also be reporting back on some of the activities that are taking place. So, it's not just the fact that you put a plan, but now what are some of the reporting back on that if you want to get a reallocation of budget again next year?

So, those are some of the things that I've discussed.

CHAIRMAN PERATA: Thank you.

MR. McDONALD: I'm encouraged by the fact that the several meetings we've had, that there have been different

organizations that have come forward from different groups to talk about the different -- and this is not throughout the system; this is very sporadic throughout the system -- looking at ways to help students better their skills and gets the basic skills, and getting the needs. So, I'm encouraged by that.

I mean, I can't sit here and tell you that I know for a fact that this is happening on each one of the campuses because I haven't been around long enough, but I am encouraged by different groups on campus understanding these needs, and coming forward and making it happen.

CHAIRMAN PERATA: One of the things that Jack Scott has talked about since the time I've known him is trying to get some uniformity of course descriptions. So, if you're going to Laney it's different than when you go to Weed.

So, I would just encourage you to give him all the help you can on that.

There are two things over the time that we've been to talking to community college trustees. One is, at Taft Community College in Bakersfield, they have a program for highly functioning autistic children. I don't know if you're aware of it, but it's a remarkable program.

Autism is a problem that's just growing almost pandemically at this point.

We hear the board is supportive of it, but are we in the position now of trying to replicate it? Are there things that you can do to help encourage that replication?

MS. PEREZ: I would say for myself, I wasn't aware of the indepthness of the program. Being a new board

member, I don't know about all the different programs we offer.

I am familiar with autism, though, because I have a couple of friends that have autistic children. So, I understand the challenges associated with that.

I think as board members one other thing we can do again is ask what about doing pilot programs. We have success in one school, but now what about doing a pilot?

It seems like what I'm seeing as far as the cycle is, we usually take something that's successful and then we duplicate it ten times. So, what can we do to create a pilot program in ten other universities to see how well it is when we roll it out? So, that's one of the things as a board member I think I can do.

MR. McDONALD: I would concur with that. We have -- some of the community colleges throughout the state are noted for different niche areas. Case in point, the Syskiyous and Sequoias. They help train rangers, have classes for rangers to be park rangers.

So, we have all these different things, so I don't see why we couldn't duplicate it or be involved with it. But again, that's the way, the make-up of our system is.

CHAIRMAN PERATA: Right.

Well, I commend that to you because when you do have something that is a prototype, and it's developed, you don't need to reinvent it, just replicate it.

The last thing is, Ironwood State Prison in a place called Blythe. They have a very successful program in AA Degrees for prisoners who are still incarcerated. There's been

a lot of talk, thankfully, in this administration about rehabilitation of incarcerees [sic] because we have this incredibly high recidivism rate.

That's another one that I would commend to you to look at in terms of its capability of being replicated. Probably most communities have a prison now certainly within the jurisdiction of a community college district.

But looking at places like Avenal and the High Desert, where there are prisons and maybe community colleges there, look at what I would consider to be an opportunity. If there's money in Mr. Cates' budget that you could rip off and use for your purposes, that would be a really nice thing to show partnership and familiarity with other things. And he will not get as gray as fast as he is right now.

MR. McDONALD: I know that when I was in the service, I took the correspondence courses. And I know that Coastline Community College down in Orange County pretty much handles all of the military courses across the -- overseas and locally.

And I did not ask them if they did anything with the prisons, but I'm quite sure some of those courses that are -- from the community college can go to the prisons and to the people that work in the prisons. So, I know there's an opportunity there.

MS. PEREZ: Actually, I think that's our responsibility, because I think we have a responsibility to rehabilitate these prisoners. And so, some of the groups that I serve on from a board perspective, we talk to people about the

college programs that are available to them, so make use of that time.

But the other thing is preparing them so that when they return to the community, that they actually have something they can fall back on, because the problem is, if you don't give them something, you know, we can give them a fish when they leave, but if we don't teach them to fish, they're going to end up right back there again, and that's exactly what's happening today. That's why they keep -- the prisons keep getting bigger and bigger, is because we're not teaching people how to fish.

And so, I'm very supportive of that, and I think we have a responsibility for that.

CHAIRMAN PERATA: One of the things you should know is that there are far fewer positions, education positions, assigned to the prison than are filled. And to be able to move from the outside-in, particularly with the kind of job skills that are necessary to climb a pole as an electrical worker. And there are people. I know that in Los Angeles, there have been a couple of programs out of L.A. County Jail that they've taken into the construction industry. It's been very successful. Just because you're a felon doesn't mean that you're stupid or you couldn't learn a skill.

And I think we have such a broad base in our community college system that it is something that I would encourage you to look at.

I'd be really surprised if you could visit every campus in the state before you're dead. I know it's really nice

in the Central Valley this time of year to go by. Just get a new car, drive up 99, which we're going to fix one of those days. You could get a chance to see some really great places.

Well, I'm delighted that you both are willing to do what you're doing, and I wish you well.

If there's anything any of these other people can ever do for you, I have to leave -- actually, we both have to leave -- but Gil and Bob will be around, and Alex lost interest, but he'll be around, too.

[Laughter.]

CHAIRMAN PERATA: Call the roll, please.

Oh, anybody want say anything nice?

MR. POSNER: Mr. Chairman, Members, I'm Howard Posner. I'm the Vice President of the SMUD Board of Directors, here in support Alice Perez's nomination.

CHAIRMAN PERATA: It's a good sign, a very good sign.

Thank you.

MS. BORROEL: Mr. Chair and Members of the board, my name is Diana Borroel. I'm the CEO of the Sacramento Hispanic Chamber of Commerce.

I am also here in support of Alice Perez.

CHAIRMAN PERATA: Thank you.

Anyone else?

Would there be anybody here to be so indelicate as wanting to speak in opposition? I didn't think so.

Call the roll, please.

SECRETARY WEBB: Cedillo.

SENATOR CEDILLO: Aye.

SECRETARY WEBB: Cedillo Aye. Dutton.

SENATOR DUTTON: Aye.

SECRETARY WEBB: Dutton Aye. Battin.

SENATOR BATTIN: Aye.

SECRETARY WEBB: Battin Aye. Perata.

CHAIRMAN PERATA: Aye.

SECRETARY WEBB: Perata Aye. Padilla.

SENATOR PADILLA: Aye.

SECRETARY WEBB: Padilla Aye. Five to zero.

CHAIRMAN PERATA: Congratulations to both of you.

MR. McDONALD: Thank you, Mr. Chair.

CHAIRMAN PERATA: Now Carole Hood, who is Chief Deputy Secretary for Adult Programs for the Department of Corrections and Rehabilitation.

Welcome.

MS. HOOD: Thank you.

CHAIRMAN PERATA: Would you like to tell us a little bit about yourself?

MS. HOOD: Sure.

Good afternoon, Senator, Members of the Committee. My name is Carole Hood, and I've been nominated by the Governor to serve as the Chief Deputy Secretary for Adult Programs in the California Department of Corrections and Rehabilitation.

I've served in this position now for eight months. I was retired for a year prior to that and came out of retirement to do this particular job.

CHAIRMAN PERATA: Are you making minimum wage now?

MS. HOOD: I'm not making any wage at the moment. It seems like I make -- I do make good decisions usually.

[Laughter.]

MS. HOOD: Don't hold that against me, all right?

In this position, my job is for providing the act of rehabilitation for the Agency for adult offenders. And our goal is to reduce recidivism and to increase public safety when offenders leave our prisons. This is going to be done primarily through improving the programing that we're providing in prisons, but also a more coordinated approach when individuals leave our prisons and go into the community.

Many people have said that actually all reentry is really locally based. I would certainly agree with that, that the seamless transition from prison to the community is extremely important.

A little bit about me. I've spent -- my professional career is about 33 years; 27 years in state government; 3 for a private nonprofit, and 3 working for myself, which is a lot different when you get up every day and see your boss in the mirror than it is today.

But nevertheless, when I started in state service, I started as a graduate student. I was a graduate student at UC Davis. I began at the Department of Finance, and moved through the administrative ranks and have served primarily for most of that 27 years as a chief deputy director of various departments, all in Health and Human Services: some Mental

Health, Social Services, and Developmental Disabilities, Child Support, and Alcohol and Drug Programs, as well as time at the Health and Human Services Agency.

My educational background is as a sociologist, and I was teaching at UC Davis before I started as a grad student, as a teaching assistant there, specialties in at the time called Social Deviance and Sociology of the Family.

Now, why I think I'm qualified for the job, I have a lot of experience with many of the core programs that we're talking about now bringing into the institutions. But also in those professional experiences, very familiar with the systems that operate in the community, whether that be the public mental health system or the social service system, the mental health system, which I think is very, very important.

I also have experience in running large institutions. In these various jobs, I was responsible at different times for the State Developmental Centers and the State Hospitals. They have a lot of similarities in terms of 24-hour care operation and a very large institution.

My experience that I also think lends to this is working to bring about significant reforms in various program areas, which I've done, whether that be welfare reform, or working in Child Support Services and changing the way that we manage that program.

Lastly, I think, which is important for this job, I have a great deal of tenacity and perserverance, and a lot of patience. So, I would say that those would qualify me for the job.

And I think at this point, and perhaps most importantly, after eight months on the job, I believe more than ever in the importance of it, and I still want to do this job, and I still believe it can be done.

So with that, I welcome any questions.

CHAIRMAN PERATA: Thank you.

My first question is, do you have family here?

MS. HOOD: I do, indeed. I have my husband in the front row. It's kind of a Rogue's Gallery. My husband of 31 years, Burl Jones. He has supported me throughout these various jobs.

And my two children: Alison, who's 13 going on 35, and I manage that quite well; and my youngest daughter, Kyley, who is 9, who makes great sacrifices for this job, including being convinced not to wear her soccer shorts and a David Beckham soccer shirt today.

[Laughter.]

CHAIRMAN PERATA: You would have been welcome in your soccer shorts. You should see the way Mr. Battin dresses sometimes.

[Laughter.]

CHAIRMAN PERATA: Do I hear a little hint of an accent?

MS. HOOD: Yes, particularly when I get nervous. Yes, I'm from England originally.

CHAIRMAN PERATA: We've heard of it.

[Laughter.]

MS. HOOD: And came to this country when I was a

teenager, actually to Sacramento. So, I've been here nearly my entire life.

CHAIRMAN PERATA: It's delightful actually.

There are a couple of things I want to ask you, and then I want to talk a little bit more generally about what it is that you're doing.

First of all, I'm very pleased that someone with your background is willing to do this job. I know it's very, very difficult to keep and maintain people.

The Proof Project at Solano State Prison, tell us a little bit about that.

MS. HOOD: Yes. Essentially my job is in two areas. One is improving what we have, and the other is bringing about the recommendations of the Expert Panel and the Governor's Rehabilitation Strike Team.

It was recommended that we test, in essence, the recommendations of the Expert Panel at different sites: a reception center site, a prison site, a reentry site, and then parole. And the prison site is at Solano.

And primarily the test there will be on doing case management, planning and oversight of the delivery of services, including assessing individuals going into those services, and also providing new programs, new core programs that are currently not available in our institutions, again as recommended by the Expert Panel, and the staff training that goes along with that. It essentially is a test at Solano.

At this point in time, we've done very well, I think, on moving forward on the reception center piece and the

assessment piece. And at Solano, we're now moving into the implementation of case plan, which is the central part of bringing up the new rehabilitative model. We will be done with all of the documentation for that, and the next step will be moving that forward for discussions with labor relative to implementation of that.

CHAIRMAN PERATA: One thing that is always coming up is the miserable reading level. Primarily most inmates would seem to be functionally illiterate.

What is it we're doing about that, and what do you think is a reasonable expectation for the position that you're in and overseeing?

MS. HOOD: Improving the reading level is probably one of the central things that we need to focus on. It is very dismal. The statute requires us to raise the reading level to ninth grade. Most folks based on our testing are around sixth and seventh grade.

When you look at the need for literacy, out of the 170,000 inmates, about 125,000 would qualify as needing assistance.

There have been targets set in statute, old statutes in the '90s, that we would first have 25 percent of the need by 1991, and then 60 percent of the need by 1996. That hasn't happened, and it hasn't happened for a variety of reasons, not the least of which is the overcrowding of the institutions.

What -- what we want to do now, and what we're putting a plan together to do, is to focus on a statewide basis

on literacy, and establish a literacy program, which folks have tried to do in the past and with some success in individual institutions, but it's not been systemic system-wide, and it's not been fully watched, meaning as the prior nominee was stating, what you watch and measure is really what gets the attention. So, that is what we plan to do, but using a variety of different things: distance learning, independent study, the use of inmates in peer arrangements, community groups to assist us in implementing that plan.

You don't have to have a classroom in every case; you can do this. I mean, I would think that this is low hanging fruit for us, and I do want to put an emphasis on it.

CHAIRMAN PERATA: Okay, thank you.

Any other questions?

SENATOR BATTIN: Yes.

Well, thank you for coming today. When we spoke yesterday, I told you I'd be asking you some questions.

MS. HOOD: Yes.

SENATOR BATTIN: Let's get to it.

MS. HOOD: Okay.

SENATOR BATTIN: I have just about five or six, I suppose.

What's the current recidivism rate of those that are completing the programing right now?

MS. HOOD: It's really hard to distinguish because the programing that we have is fairly limited. We have academic, vocational, and substance abuse programs. And still with that, it has been said that our recidivism rate is 70

percent.

SENATOR BATTIN: Where would you like to see us at? What's your goal, realistically?

MS. HOOD: Realistic goal, I mean, I look at this as every one percent -- to be honest, every one percent you can stop going in is a significant benefit.

I will say that our research folks are working on, you know, how to define recidivism rates, but it does vary in different states, and it varies here.

But for every one percent that we can save, and if the annual cost in a prison setting is $46,000, the average number of times people go through the system is 2.5. It mounts up pretty quickly.

So, I would say it's incremental, and I wouldn't want to speak for the entire Agency, but for every one percent, I'd be looking at significant savings.

SENATOR BATTIN: Riverside Community College has developed a program to assist parolees with educational programs. I think actually former Senator Presley is involved in that, a former director of CDC. They're there to help them and create educational programs to help reduce recidivism.

It's my understanding that this program was presented to CDCR last year. Can you tell me the status of it, and your department's cooperation in the effort?

MS. HOOD: Yes, and you did ask me about this one in particular. And, you know, at this point, I think there has been dialogue with the department. I want to say that I will certainly now make sure that we sit down and have more dialogue

about what we can do.

I did take a look at the proposal between last night and this morning, and it is a proposal. It is entirely consistent with what we're thinking in terms of the Prison to Employment Program, which has the components of both an in-prison work with inmates, and then a transition to the outside and direct employment opportunities. So, it's entirely consistent.

The issue will be how we -- how we fund that, and how we do that in a way that it is an open process to do that.

But I would offer to you and commit to you to sit down and have a serious dialogue with these individuals about their particular program.

SENATOR BATTIN: The RCC programs serves between 600 and 1,000 parolees a year. How many other programs are like that?

MS. HOOD: We do have a lot of programs like that, not of the same ilk. All of these programs are quite different. But we do have multi-service centers, for example, both for women and for men, that provide both employment, educational, and other support services, and then a variety of other community-based services. Most of those are funded out of the Parole Division. And so, many of them serve that many and more individuals.

I guess what I'm saying there is that this really does fit in with the types of programs that we have funded in the past, like day reporting centers and the multi-service centers.

SENATOR BATTIN: When you start that dialogue with them, would you update me?

MS. HOOD: I absolutely will, yes.

SENATOR BATTIN: I would appreciate knowing.

MS. HOOD: Yes.

SENATOR BATTIN: And then lastly, about half of the AB 900 funds are to go to inmate parolee rehabilitation. Some believe that these funds are to go to construction of facilities only.

What's your belief on that?

MS. HOOD: My read of the statute is that there was a $350 million appropriation in the bill, 50 million of that was for rehabilitation. The rest was construction.

AB 900 also authorizes lease revenue bond financing, $7.5 billion, and it's all for construction.

So, there really was not in that bill specific money, other than the 50 million, for rehabilitative programing.

SENATOR BATTIN: Okay, thank you.

CHAIRMAN PERATA: Bob.

SENATOR DUTTON: Just a couple of minor ones.

I'm interested in the area of rehabilitation, making sure that inmates who are about to be released get some training and some opportunity to be successful.

The other component of that would be trying to ensure some kind of job placement.

MS. HOOD: Yes.

SENATOR DUTTON: Is there anything that you can

1 think of, or is there something we're currently doing that I'm
2 not aware of, or things that we should think about doing to
3 actually help make sure? Obviously, even if we train them, if
4 they don't very a job to go to, then it's not a very good
5 formula for success.
6 MS. HOOD: Right.
7 We do have some programs now that actually are
8 with -- affiliated with apprenticeship programs, where folks do
9 go directly into jobs when they're certified.
10 But part -- a key component of AB 900 is the
11 Prison to Employment piece. So, we are modeling the California
12 New Start Program after a program that has operated in Texas
13 called Project Rio, which is exactly what the Senator was
14 mentioning the Riverside folks are interested in, which is a
15 program that matches up in prison. First of all, it provides
16 vocational training for those jobs where there is a projection
17 that there's going to be a job available in the future, which is
18 pretty key, not training people for things that aren't going to
19 happen in their communities. So, we are now hooking up to labor
20 market data and making sure we're only starting up and changing
21 other programs, vocational programs, that don't work.
22 We're entering into an inter-agency agreement
23 with the California Workforce Investment Board. We've already
24 signed an MOU between the two Agency Secretaries of Labor and
25 Workforce Development and Corrections and Rehabilitation. That
26 happened in May. The inter-agency agreement will permit us to
27 partner with those 49 local Workforce Investment Boards and the
28 200 One-stop Centers. They will be the connection then directly

to employment.

So, I think we've got a good plan. We've got excellent cooperation from the other agency and the Workforce Investment Boards. So, I'm expecting that that will be one of our better activities.

SENATOR DUTTON: Great, thank you.

CHAIRMAN PERATA: Do you have any direct contact with labor unions?

MS. HOOD: I do with representatives of SEIU and AFSME, because they are the ones that represent the folks that I'm mostly working with: teachers and psychologists.

CHAIRMAN PERATA: What about the trade unions, the people who are really organized outside?

MS. HOOD: Absolutely. Our vocational instructors at each of the institutions do have those relationships, and they have local trade association committees that they participate in. It's actually a requirement of the job, that they have those connections before they work for us.

CHAIRMAN PERATA: Good.

Anyone like to speak in support?

MR. SELIX: Rusty Selix, Executive Director of the Mental Health Association of California and California Council of Community Mental Health Agencies, in support.

CHAIRMAN PERATA: Thank you.

MS. RYAN: Pat Ryan, Executive Director of the California Mental Health Directors Association, in support.

I want to say more than just that I'm in support. I want to say that I've been the Executive Director at

1 CMHDA for seven years and worked for the California Hospital
2 Association doing mental health advocacy work prior to that.
3 I have known Carole for about 15 years and have
4 worked with her in her different capacities and jobs and in
5 mine. And I don't think I know anybody in state service who is
6 brighter, more organized, more committed than Carole is.
7 And I just want to give you a short story. Prior
8 to her coming over to CDCR, she was a consultant and was brought
9 in by the Department of Mental Health, which she, of course,
10 used to be Chief Deputy Director at. They brought her in to
11 help them out with Prop. 63 implementation. Some of you may
12 have heard about some of the Department's struggles in
13 implementing Prop. 63.
14 But Carole came in, and in a very short period of
15 time, analyzed the situation, looked at sort of the money flow,
16 looked at how it was working, and came up with some very
17 streamlined, organized, common sense approaches to how we were
18 going to get the money to our communities and to the counties,
19 and I think made a huge difference in the time that she was
20 working as a consultant to the Department of Mental Health.
21 When we heard that she was leaving that job, we
22 were -- we were quite disappointed, but when we heard that she
23 was leaving to go and take this position at the Department of
24 Corrections and Rehabilitation, we thought, well, if she's going
25 to leave, it's a great place for her to go at this point in time
26 because if there is any area that we need -- that the state
27 needs somebody like Carole to make a difference in, it's the
28 Department of Corrections and Rehabilitation.

If we're ever going to make a difference in this state, in our communities, and particularly at preparing -- at keeping people out of the prisons and preparing them to reenter the communities, we're going to need the Department to be working much more closely and collaboratively with our communities and our counties in how that's going to happen, and particularly at addressing not only their educational needs, but their mental health and substance abuse needs.

So, I can't think of a better person to be in that position.

CHAIRMAN PERATA: Thank you.

MR. WARREN: Good afternoon. My name is David Warren. I'm appearing on behalf of Taxpayers for Improving Public Safety.

I'm here in support of the nomination.

I have to say that after the initial difficulty of her understanding my accent and the way I spoke very rapidly, we have worked very well together.

[Laughter.]

MR. WARREN: I have to say notwithstanding the fact I may not be allowed back into a Department of Corrections office again, that her position's probably more important than the Director's because, in all honesty, if we don't reduce recidivism, the prison system will simply grow geometrically, and we simply no longer afford that to happen.

Senator Battin, you asked a question about people who program and succeed. I can't speak for California, but in the State of New York, individuals who were very active in

religious programming in the New York State prisons had a recidivism rate of slightly less than 39 percent. That certainly is an indication of the success of that particular version of programming, and it can be translated here into California.

One of the things that strikes me most when I'm leading services is the fact that as I pass the prayer books and Bible -- in our case the Chumish -- around, most of the inmates cannot read the English, let alone even understand what the Hebrew sections are. And when I have to deliver a sermon, I have to do it on a third or fourth grade level, as if I were in a Sunday school class instead of an adult education class because the members of our congregations have so low a level of education.

Senator Perata, you asked about community college activities.

Unfortunately, one of the things that you didn't bring up was the very successful program at the California Institution for Women, where I do lead a service. And I'm not trying to prod Wendy, who's sitting in the back, but I can say this from personal knowledge. Not one of the young women or older women who've participated in that program have been back to religious service [sic] after they've been paroled. And that certainly speaks highly on the rate of success. I just wish there were more opportunities.

I think it's very important that we fully support the activities, and I would ask that the Members read the C-ROB reports, because most of what she has done is reported there.

My only concern is that the Department is programming and preparing for a program that can be very successful but will be very expensive. And in times of financial difficulty, it's going to be very difficult to implement. And I'm hoping for the best, but fearing that we will not succeed.

Thank you very much.

CHAIRMAN PERATA: Thank you.

MR. TATUM: Good afternoon. I'm Richard Tatum, State President of the California Correctional Supervisors Organization. Our organization represents the supervisors and managers in the California Department of Corrections and Rehabilitation.

I think that the Department of Corrections, the state, state employees right now, there's a lot of crises going on in the state.

We feel in dealing with Ms. Hood that she's definitely something that Matt Cate needs right now. So with that, we recommend that you appoint her.

Thank you.

CHAIRMAN PERATA: Thank you.

MR. BROWN: Mr. Chairman and Members of the Committee, my name is Chris Brown. I'm representing the Association of Black Correctional Workers.

I would like to offer the Association's full and complete support of Carole Hood's appointment to the position of Chief Deputy Secretary for Adult Programs.

I have had an opportunity to work closely with

her, and I believe that you have the right person for the job.

CHAIRMAN PERATA: Thank you.

MR. BROWN: Thank you.

CHAIRMAN PERATA: Anyone here in opposition?

Well, I just want to conclude. This actually is not directed at you, but in picking up the paper this morning, I see that we have three people who are leaving the Department of Corrections, three administrators. One of them is David Runnels, who I think we confirmed in July, and now he's leaving. And the person that you're replacing we confirmed in May of 2007, and she was gone in November of that same year.

There are others who, from the top going down, that we confirm, and we hear lots of good things, and then the next bus out of town, they're on it.

Some of these people are not leaving because they're disgruntled. They found out that Matt Cate was going to be in charge, and they couldn't stand the thought of it.

[Laughter.]

CHAIRMAN PERATA: They obviously -- I'm just warming you up, Matt -- clearly, I think it's a statement about the condition of the institution. And going to work for the administrator, Kelso, maybe the pay's better, but I'm sure it looks like a more stable environment than the one they're in right now.

And so, you're in a very key position, but the thing that's most disturbing is that we just can't maintain. We can't keep up. I wonder about that.

You know, from everything I've read, everything

1 you've said, people who have spoken on your behalf, I think
2 we're fortunate that someone with your background is willing to
3 do this work, but I am very fearful of something else that's
4 going on culturally within the institution that takes people
5 like you and burns them out, burns them up, whatever.
6 I'm going to meet with Mr. Cate next week, and
7 we're going to have discussion about this whole thing. My
8 initial thought was to wait until I talked to him before I
9 confirmed you, or we let you out of here.
10 But you go home, and you'd have to explain to
11 your children what happened. I just don't want that. It'd be
12 too hard.
13 MS. HOOD: I also told them to cry if something
14 bad happens.
15 [Laughter.]
16 MS. HOOD: I wanted to give you that warning.
17 CHAIRMAN PERATA: The younger one looks like
18 she's all ready to tee off of me.
19 [Laughter.]
20 CHAIRMAN PERATA: I can only wish you well.
21 MS. HOOD: Thank you.
22 CHAIRMAN PERATA: You certainly have well defined
23 the height of the mountain that you've got to climb.
24 MS. HOOD: Yes.
25 CHAIRMAN PERATA: The rabbi left. He's not on
26 the clock. He's here on his own time. It's not like the rest
27 of you. Some of you are being paid for it. Some of you 6.57;
28 some not at all.

MS. HOOD: Yes.

CHAIRMAN PERATA: And you.

MS. HOOD: Yes.

CHAIRMAN PERATA: You're right. That did give me pause about your sanity.

MS. HOOD: Yes.

Can I just add on that?

CHAIRMAN PERATA: Sure.

MS. HOOD: I came to do this job because I thought it was right thing to do. I really thought about it, especially when I got on the freeway that first day in a suit and wondered: What have I done?

CHAIRMAN PERATA: What the hell am I doing here?

MS. HOOD: And I'm even more committed after being there on how this -- this can be done. There is no other career for me. I'm not planning on any other career. When I get done with this, I'm going home.

So, you know, I really want to make this happen. So, I'm not going to the Receiver; I'm not going anywhere except to do this.

And if it can't be done, then I will be letting the Secretary know I don't think it can be done, and go to Plan B or something. I think we have that agreement, and he's certainly been exceedingly supportive, as has the rest of the administration, in us getting the job done, and my boss, Undersecretary Cathy Jack.

So, that's my commitment to this.

CHAIRMAN PERATA: Thank you.

With that, we have a motion to approve. Call the roll, please.

SECRETARY WEBB: Cedillo.

SENATOR CEDILLO: Aye.

SECRETARY WEBB: Cedillo Aye. Dutton.

SENATOR DUTTON: Aye.

SECRETARY WEBB: Dutton Aye. Padilla.

SENATOR PADILLA: Aye.

SECRETARY WEBB: Padilla Aye. Battin.

SENATOR BATTIN: Aye.

SECRETARY WEBB: Battin Aye. Perata.

CHAIRMAN PERATA: Aye.

SECRETARY WEBB: Perata Aye. Five to zero.

CHAIRMAN PERATA: Congratulations.

MS. HOOD: Thank you.

[Thereupon this portion of the Senate Rules Committee hearing was terminated at approximately 2:40 P.M.]

--ooOoo--

CERTIFICATE OF SHORTHAND REPORTER

I, EVELYN J. MIZAK, a Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing transcript of the Senate Rules Committee hearing was reported verbatim in shorthand by me, Evelyn J. Mizak, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 7th day of August, 2008.

EVELYN J. MIZAK
Shorthand Reporter

APPENDIX

Background for Senate Confirmation Hearing Policy Questions

Goals and Responsibilities

1. Please provide a brief statement outlining the goals you hope to accomplish while serving as a member of the Board of Governors. How will you measure your success?

As a member of the Board of Governor's, I would like to list as accomplishments, during my tenure, enhanced opportunities, increased visibility and improved awareness.
When I am in the public or private sector, speaking about the special uniqueness and positives of the community colleges, I will focus on key areas such as veterans, career technical education, workforce education and development, selection of the new chancellor, foundation development and the new Osher Foundation scholarships.
As a community college graduate, Los Angeles Harbor College, hopefully my passion, energy and attitude will help me reach my goals.

As an example, we already made a significant stride by selecting a new chancellor with community college experience and knowledge. He also brings to the system a special experience from our legislative body. His ability to advocate and present the educational values of the community college will be of great importance.

Another example, also have established this year the largest gift to a Community College system to the tune of 50 million. It will be up to me to help increase the scholarship opportunities for all students and to help increase the development offices throughout the State with outreach support.

My ability to work with the other board members, staff, community college personnel, and the legislature will be the greatest measurement of my success, plus building on our historic strengths in higher education of California Higher Education and working to preserve the funding that allows the students of California to improve their lives, their career potential and completing their educational goals.

2. As a board member, what training have you received for your position? What conflict of interest training have you received? From whom do you seek advice on potential conflicts?

Here is a partial list of my training:
Community College Graduate, Los Angeles Harbor College
CSU Fullerton Graduate
Student Body President@ LA Harbor College
Alumni President at CSU Fullerton
CSU Statewide Alumni President
City of Anaheim Housing and Redevelopment Commission
Member of California Association of College Stores
California Cultural and Historical Endowment Board (Governor's Appointment)
A Deep Commitment to Keeping Higher Education Strong--

I seek Conflict Training advice from;
State and Local Ethics Training every 2 years
State and Local Conflict of Interest Training every 2 years
City of Anaheim Commissioner's Conflict of interest training
Bagley-Keene Act
Brown Act-
Anaheim City Attorney
Orange County Attorney General's Office
State of California Attorney General's Office

Student Fees and Financial Aid

3. Should there be a long-term community college student fee policy? If so, what should its key features be?

The BOG adopted a Statement of Principles and Policies for Community College Fees and financial Aid in 1987. This policy has been revisited and reaffirmed numerous times. It states:

- *Community College fees should be low, reflecting an overall policy that the state bears the primary responsibility for the cost of community college education.*

- *Community College fees should be predictable, changed in modest fashion in relation to the cost of education, and their burden should e equitably distributed among students.*

- *Financial aid should be sufficient to offset fees that may pose a barrier to the access of low-income students.*

- *Fee and financial aid policies should be consistent with fiscal and academic policies in supporting the dual objectives of access and excellence.*

As you are aware, the Community Colleges serve some of the most needy students in California. These students are extremely price sensitive to the cost of education. Therefore, I believe we need to look at every angle to help students minimize the cost of attending college. I strongly support the Osher Foundation and also finding a way to curb the cost of textbooks.

4. ***Many community college students, especially those who receive a BOG fee waiver, frequently do not complete the free application for student aid form, making them ineligible to receive state and federal financial aid. What percentage of students who receive a fee waiver complete the application for federal financial aid? What should the role of the board be in encouraging more students to apply for federal grants, loans or work-study?***

In recent years, a growing number of students who received a BOG fee waiver also filed a *Free Application for Federal Financial Aid (FASFA).* The percentage of students who filed a BOG waiver is now up to 80%.

In recent years the Community Colleges have received supplemental funding for financial aid delivery. This has been instrumental in helping students understand the importance of FASFA. We are looking at ways to maintain this funding to help students apply for FASFA, which helps in the process of Pell Grant opportunities.

Preparing for the Future

5. ***With over two years into the strategic plan, what have been the major accomplishments resulting from its implementation?***

Most significantly, as a person that believes in access to information, the establishment and maintaining of a strategic plan website is a major accomplishment. One can review and stay informed with the current changes. The February Update outlined several significant results with regard to basic skills, college awareness, and workforce education and development. The new program of "I Can Afford College" and the marketing slogan of "Who Are You Going to Be" are steps in the right direction for enhanced opportunities, increased visibility and improved awareness.

6. ***Sometimes system wide state policy may conflict with the goals established by local community colleges. What role should the board play in balancing long-term strategic system wide goals with locally driven priorities?***

The Board plays an important role in identifying statewide policies priorities while being mindful of local districts priorities. Districts have the latitude to address local needs within the context of the state wide Board of Governors policies. I don't believe there needs to be a conflict between state and local priorities.

7. ***How does the board monitor and determine whether the strategic plan is serving its purpose of providing direction and coherence to the system and to college districts?***

By the nature and setup of our board we should know about monitoring.

Direction also comes from staff. Regular reports and updates at all Board meetings do keep us informed and on course.

Developing Basic Skills of Community College Students

8. ***What steps is the board taking to ensure that more community college students are completing basic skills classes? How does the board determine that colleges are taking sufficient steps to track students' progress? Please provide us with any data the board has on completion of basic skills classes.***

The Accountability Reporting for the Community Colleges (ARCC) report was implemented to monitor key outcomes for the community colleges which includes the awareness of basic skills progress.

9. ***What strategic direction is the board providing the Chancellor's Office in dispersing funds specifically set aside for basic skills education? How does the board ensure that districts are using these funds to target the least prepared students?***

Before receiving any basic skills funds the board requires them to do a self assessment of their basic skills practices and an action plan on how they are going to use their basic skills funds.

Student Success

10. What is the board doing to encourage colleges to work with K-12 schools to align educational standards, assessments, and course work that will better prepare students for successfully completing a community college education?

The board recognizes how important it is to work closely with the K-12 schools. The Board has been very eager to support new programs such as The School to College Bridge Program. This program establishes a strong partnership between the community colleges and their neighboring high schools. The Community Colleges work closely with the schools and to help students take the right courses and prepare for college.

Before they graduate from high school each student actually apply for college.

The Board is also supporting legislation, SB946 (Scott) that encourages 11th graders to take the augmented California standards test to provide them an early indication to take college level course work. Students are then encouraged to utilize their 12th grade year to brush up on basic skills in preparation for college.

11. ***Is the board encouraging colleges to begin using a uniform academic standard for assessing college readiness? Do you believe there is a role for the board in addressing assessment and placement policies? If so, what should it be?***

All colleges currently have a uniform standard to determine transfer level courses for determining whether a student is ready for transfer. These are the courses required if he/she wants to transfer to a UC or CSU.

However, there are some variations in the standards that colleges establish for students who are below the transfer level. These standards are based on a local college approach on how it develops curriculum.

12. ***What can the board do to assist colleges in improving student services that would boost transfer rates? How can matriculation programs and counseling services better target student populations with the poorest outcomes?***

The Board can look at current student service programs that enhance, prepare and encourage transfer. Project Success and the UMOJA Program are two such programs that come to mind that are for students who don't come from a college background, students who didn't have a great experience in high schools, and for students who hadn't connected to the tangible benefits of higher education to career opportunity and life enrichment.

Another positive opportunity, with Board support, is SB 1585 (Padilla), a bill that establishes a five-year pilot program that identifies up to 10 participating colleges to increase the number of students who move from basic skills to transfer-level coursework and ultimately transfer to a four-year institution.

Career Technical Education

13. ***What is the Chancellor's Office doing to address the need for better coordination between K-12 and community college vocational programs? How can local community college districts improve the alignment of curriculum with the secondary level career technical education programs? How can the board help accomplish this?***

The Chancellor's office is the lead agency with the California Department of Education with SB 70 funds for Career Technical Education. These funds are dispersed on a competitive grant basis to Community Colleges working with K-12 schools and business representatives. Specifically, the funds are being used to retool existing occupational programs to become cutting edge programs for jobs available now and the future.

I strongly support community colleges working closely with industry to insure that students are prepared to meet current workforce needs and the needs of the changing economy.

14. How is the board kept informed of the effect of supplemental funding on the enrollment and retention of students in community college nursing programs?

As I stated earlier, the Board gets reports and information from staff and concerned constituencies consistently. Information about nursing and other program funds are provided often.

15. Is the Chancellor's Office providing any direction to local community college districts regarding the sustainability of these programs when supplemental funding decreases or is eliminated?

The community colleges are deeply concerned with maintaining the sustainability of its programs. We are currently engaged in discussions about how to adapt to changing enrollment demands.

16. Should the board play a role in fostering green technology CTE programs locally?

Yes. The State of California is a leading proponent in the green arena. As of this date there are 3 buildings in the State of California that are Platinum Lead rated. They are the EPA Building in Sacramento, Ohlone Community College in Fremont, CA. and the Environmental Nature Center in Newport Beach, CA.

Our Board has also been in support of SB 1672 (Steinberg) that proposes to train and educate a new skilled workforce to work in the new green technology sectors in the state.

I believe the Board and the Community Colleges are at the center of training students with the skills to be key players in the emerging green and clean technology fields and workforce.

Alice Perez - Response to Questions

1) *Provide a brief statement outlining the goals you hope to accomplish while serving as a member of the Board of Governors. How will you measure your success?* I will work with the board members, Chancellors office and local colleges to ensure that all students have access to community colleges programs that either prepares them for four year university, certificate programs or vocational training. I would also like to see progress towards providing students with more consistent experiences no matter what college they attend to ensure they are given the support and tools to be successful in their path of education such as counseling, funding resources, textbook programs, medical, and wireless Intranet service. I would also like to see more classes available to students by using non traditional methods such as TV, Web and on-line hybrid classes. Most of the success can be measured by the student's experience of either engaging them in campus blogs, surveys or focus groups. Additionally several of the programs we currently have underway and the adaptation by the various campuses will also be an indicator, such as textbook best practices and student Basic Skills Education.

2) *As a board member, what training have you received for your position? What conflict of interest training have you received? From whom do you seek advice on potential conflicts?* I have received an introduction to the Board of Governors and Chancellors office that was organized by the Executive Vice Chancellor that outlined the role of the board of governors and the various departments within the system office including their key goals and objectives as well as their current challenges. I also met with the President of the Academic Senate to understand their role and was provided with numerous briefing statements on several topics they have addresses including Textbook Issues, Noncredit in the colleges, etc... The chancellor's office has also provided information on conferences that address current issues and best practices that I can attend as well as I receive weekly updates on current events that impact the Community Colleges. The board meetings also provide information and updates on key initiatives that the community colleges are addressing. For potential Conflicts of interest I would seek advice from the Chancellor or the President of the Board of Governors.

3) *Should there be a long-term community college student fee policy? If so, what should its key features be?* Student Fees are currently addressed within the Statement of Principles and Policies for Community College Fees that the Board of Governors adopted in 1987. The policy states that fees should be low and that the state should bear the primary responsibility for the cost of CC education; the fees should be predictable -- with modest changes in relation to the cost of education; Financial Aid should offset fees that may pose a barrier to access and that the fees and financial aid policies should be consistent with fiscal and academic policies. In 2003 the board also specified that fee revenue collected should be retained by the system and not used to reduce general fund support.

4) *Many community college students, especially those who receive a Board of Governor's fee waiver, frequently do not complete the free application for student aid form, making them ineligible to receive state and federal financial aid. What percentages of students*

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who receive a fee waiver complete the application for federal aid? What should the role of the board be in encouraging more students to apply for federal grants, loans, or work-study aid? Roughly 80% of students who receive the Board of Governors waiver also complete an application for FASFA. The board supports funding for administration and outreach efforts as well as funding the "I Can Afford College" statewide media campaign. I would suggest as part of the process of the student receiving the BOG fee waiver that the student signs an acknowledgement that they were informed how to complete a FASFA and also options for loans and potential work study programs they could access.

5) *With over two years into the strategic plan, what have been the major accomplishments?*
Based on the October 2007 update to the strategic plan there has been a lot of progress on the first tier of goals identified. The most significant ones to day would be:
1) May 6th Private gift from Bernard Osher foundation of $70M
Which supports seeking non traditional sources such as private gifts and grants?
2) Basic skills education - All 109 campuses have submitted action and expenditure plans for how they will utilize their basic skills funding and how they will incorporate the plans using the identified best practices.

3) Textbook Strategy that would remove the barrier of high cost textbooks that all campuses are being encouraged to adapt.

4) CTE retooling programs to reflect industry needs. Such as the Solar Repair program and Workforce development for utility companies focusing on green and clean jobs.

6) *Sometimes system wide state policy may conflict with the goals established by local community colleges. What role should the board play in balancing long-term strategic system wide goals with the locally driven priorities?* This is a great question that I often ask myself. A lot of effort was put into establishing a strategic plan that seeks to improve student access and success. It was a collaborative effort with the Colleges education leaders and external partners. It is met to build upon work that has been done by individual colleges and districts and provides the framework for all constituencies to work together. The plan is only as successful as the implementation. State polices should support this goal as well as local goals. I think it is important that all goals focus on improving student access and success. A good example is the Textbook recommendations. The board is advocating for local colleges to adapt best practices that provide student with access to books as well as ways to reduce costs for books. It's not clear to me why we wouldn't adapt a policy regarding implementing these best practices since they do improve access and success instead of advocating that the local colleges adapt the best practices. Sometimes locally driven priorities to provide faculty with freedom to choose publishers or select textbooks that many not benefit the student's learning conflict with providing students access and success.
I think the board should play a role in balancing strategic goals with the goals of the local colleges. Otherwise the goals of the local colleges may drive the successful or unsuccessful implementation of the strategic goals.

7) *How does the board monitor and determine whether the strategic plan is serving its purpose of providing direction and coherence to the system and to college districts?* The board receives regular updates on the various components of the strategic plan. Action plans developed by the Implementation Over site Committee (IOC) are presented to the BOG's to review and adopt. Updates are also provided regarding which colleges have adapted the action plans recommended by the IOC.

8) *What steps is the board taking to ensure that more community college students are completing basic skills classes? How does the board determine that colleges are taking sufficient steps to track students' progress?* Please provide us with any data the board has on completion of basic skills classes. The board encourages all colleges to adapt programs that focus on basic skills classes for students. The board has invited colleges with programs that are focused on Basic Skills Improvement to attend the board meetings and provide best practices presentations. These best practices are shares with the Community College network. At the January BOG meeting a presentation was given on the UMOJA Community for Student Success which is focused on creating model programs for basic skills. Additionally the board receives updates on students completing Basic Skills Courses from the Accountability Report for Community Colleges. (ARCC) One of the performance indicators of the (ARCC) is "Basic Skills Improvement Rate". This report tracks the completion rate of students taking basic skills classes. The most recent information indicates that students completing coursework at least one level above their prior credit basic skills enrollment coursework has risen slightly in the most recent cohort (2004-2005 to 2006-2007). Also in order to receive funding for basic skills classes each college must provide an annual action plan that outlines how they will spend the dollars along with specific actions to support basic skills classes.

9) *What strategic direction is the board providing the Chancellor's office in dispersing funds specifically set aside for basic skills education? How does the board ensure the districts are using these funds to target the least prepared students?* The strategic direction is to ensure that any funding is either used to develop / pay faculty to teach basic skills courses to students in need. For the 2007-2008 budget year $33.1 million was provided for improving basic skills education. $1.6m is allocated for faculty professional development to teach basic skills and the remaining $31.5 million is allocated to colleges for ESL/Basic Skills on a FTE basic. Additionally each district that receives funding must conduct a self assessment of their current basic skills practices in relation to the 26 proven effective practices identified in the research conducted. This will be monitored annually to see if colleges are making progress through the ARCC. In the January board meeting we were provided an update on the Student Readiness program that included 20 regional workshops being conducted, a self assessment tool being developed and the redirection of over $90 Million to ESL and Basic Skills programs.

10) *What is the board doing to encourage colleges to work with K-12 schools to align educational standards, assessments, and course work that will better prepare students for successfully completing a community education?*
The board has supported the School to College Bridge Program that develops strong connections between community colleges, middle schools
And high schools that encourages through academic preparation for all K-12 students while also providing students and their families with direct assistance to enroll in community colleges. The board is also supporting SB946 a measure that establishes the Community College Early Assessment Pilot program that provides 11th grade students with information and guidance to ensure readiness for community college coursework. This effort requires colleges to collaborate closely with K-122 schools to ensure the student ahs a successful transition from high school to community college.

11) *Is the board encouraging colleges to begin using a uniform academic standard for assessing college readiness? Do you believe there is a role for the board in addressing assessment and placement policies? If so, what should it be?*
I do believe the board encourages college to use a uniform academic standard for assessing college readiness. However it is still up to each college to agree to use a uniform academic standard. The board established an Assessment and Placement Task Force to examine the current practices and determine the actual number of assessment and placement tests currently used. The findings reflect that the colleges use a total of 92 tests, with the majority of colleges using one of three major commercial tests in the subject areas of English, Mathematics and ESL. I do believe there is a role for the Board in setting a policy that reduces the number of test being used as well as ensuring there are consistent policies regarding placement to ensure students have an experience that is consistent amongst all colleges.

12) *What can the board do to assist colleges in improving student services that would boost transfer rates? How can matriculation programs and counseling services better target student populations with the poorest outcomes?*
The board has advocated to increase student success services including the matriculation program that provides students with a college orientation, assessment, placement and academic advising. These programs have been subject to budget cuts in recent years and are targeted for an additional 10% cut in the 2008-2009 Governor's budget proposal. One way to deal with this budget reduction is to reallocate funding from traditional class instruction to counseling services for the matriculation program. In order to do this successfully there needs to be more course offerings in non-traditional methods such as Web, Television and Hybrid that would reduce overhead costs associated with classroom instruction.

A key strategy is to target these services to students with the poorest outcomes. The board is supporting SB1585 a pilot program that identifies 10 participating colleges to increase the number of students who move from basic skills to transfer level coursework and later transfer to a four year institution. The board can continue its role to advocate to colleges to adapt student services that boost transfer rates or the board can develop policy that ties funding to increased transfer rates as well as program completion.

13) *What is the Chancellor's Office doing to address the need for better coordination between K-12 and community college vocational programs? How can local community college districts improve the alignment of curriculum with the secondary level career technical education programs? How can the board help accomplish this?* The "Who Do You Want 2B" campaign is a collaborative marketing campaign between the California Community Colleges Chancellor's Office, the Academic Senate for California Community Colleges and the California Department of Education. It targets students ages 12 through 19 and seeks to strengthen CTE pathways for incoming and current students by enhancing coordination and linkages among middle schools, high schools, ROCPs and California's community college system. The Chancellor's office is the fiscal agent for disbursement of SB70 funds designated for the Governor's CTE initiative to reinvigorate and rebuild CTE programs at the K-12 level and strengthen the programs at the community colleges. The SB70 workgroup has made funds available to establish CTE programs at more high school partnership academies. Funds are also being used for a CTE statewide articulation project to develop regional and institutional CTE articulation agreements so there is curriculum alignment and credit to students as they progress from one system to another. The BOG's has designated 3 members from each their board to the Joint Advisory Committee on CTE who's ongoing charge is to monitor progress on the implementation of the Perkins plan and to improve ways to coordinate and along the CTE curriculum between K-12 and community colleges.

14) *How is the board kept informed of the effect of supplemental funding on the enrollment and retention of students in community college nursing programs?* The board receives an annual update on the expenditure plan for the nursing programs. The report highlights enrollment and retention activities and outcomes.

15) *Is the Chancellor's Office providing any direction to local community college districts regarding the sustainability of these programs when supplemental funding decreases or is eliminated?*
There are discussions underway that address the high cost of running these programs. Based on these discussions some colleges will be able to sustain some of the enrollment growth and retention practices that have occurred while others will not be able to sustain these programs without additional sources of funding.

16) *Should the board play a role in fostering green technology CTE programs locally?*
The board is currently engaged in fostering and supporting green and clean technology CTE programs at both the district and regional level. In January the board took action and approved new grants to the community colleges for the development of new CTE programs that have a green or clean technology focus. The board is also supporting SB1672 which proposed to train and educate a new skilled workforce to work in the new green / clean technology sectors.

Senate Confirmation
Carole A. Hood
Chief Deputy Secretary, Adult Programs
California Department of Corrections and Rehabilitation
Responses to Senate Rules Committee Questions
June 12, 2008

Background

On July 1, 2005, the Youth and Correctional Agency, including the Department of Corrections and the California Youth Authority, became the California Department of Corrections and Rehabilitation (CDCR). A key focus of the agency was intended to be rehabilitation.

The 2005 reorganization created the position of chief deputy secretary, Adult Programs. Chief Deputy Secretary Carole A. Hood, who succeeded Marisela Montes in this position, has responsibility for three divisions: Community Partnerships; Education and Vocations Programs; and the Division of Addiction and Recovery Services. The administration has proposed a recidivism reduction strategy to be implemented by expanding in-prison programs, assessing inmate risks and needs, expanding alternative education, improving programs for female inmates, and expanding visiting days.

General Questions

1. ***What are your goals and objectives as chief deputy secretary? What do you hope to accomplish during your tenure? How will you measure your success? Please be specific.***

My overall goal as chief deputy secretary is to institute programming opportunities that contribute to reducing recidivism and increasing safety within the California Department of Corrections and Rehabilitation (CDCR) institutions and within communities. Within institutions, the focus will be on two distinct facets:

a. Providing a full menu of evidence-based programs within the six core programming areas identified by the Expert Panel on Recidivism Reduction (Expert Panel) and ensuring that inmates have access to these programs; and,

b. Providing other structured activities to occupy an inmate's day in a constructive and meaningful way (i.e., the absence of "idle" time).

Within communities, the focus will be on establishing formal partnerships with local public officials, community-based and faith-based organizations, and other interested individuals and groups to focus on offender reentry and reintegration. This will require identifying interested community leaders, defining roles and responsibilities, and ensuring that CDCR resources effectively target the right offenders and highest priority services and supports.

Ultimately, I will measure the success of these efforts in reduced recidivism rates; however, this measure is most likely two to three years away. In the meantime, I will use near-term measures that include:

In-Prison Setting:

a. An increase in inmate participation in core programs;
b. An increase in the number of core programs offered;
c. An increase in inmate participation in other activities (e.g., community- and faith-based programs and activities, self-help groups, etc);
d. An increase in the number of other programs and activities offered by community- and faith-based organizations, self-help groups, leisure time groups, etc.; and,
e. Decrease in disruptive behaviors and assaults on staff and other inmates.

In-Community Setting:

f. Establishment of formal offender reentry partnership agreements with at least ten local communities;
g. An increase in parolee employment;
h. An increase in the number of parolees with stable housing; and,
i. An increase in participation in aftercare services for substance abuse treatment.

I will establish a specific percentage increase/decrease for each measure when the baseline data is available. The targets need to be accurate and challenging, but also realistic.

2. ***From your years as an administrator in various state agencies, what are the most important lessons you bring to your current position? What qualifies you to determine the most effective programs to implement in a correctional setting?***

There are several important lessons that I have learned through experience as a high-level administrator for most of my career and bring to my current position. First, to stay grounded in reality by actively engaging staff and those served (offenders and their families) within their environment(s) to determine relative needs and priorities as well as how to get the job done. It is too easy to become side tracked or even lose sight of the goal without this constant grounding.

Second, I have also honed my skills and abilities to quickly grasp and assess difficult and complicated projects and situations, develop a sound and explainable approach to resolution, and follow-through to achieve a solid outcome. Moreover, I believe that I do

this in a collaborative way with staff and interested parties and in ways that engender support and enthusiasm. The ability to lead through difficult projects and trying times is one that I have been called upon to use throughout my career.

Third, my years as a successful administrator are based on critically important personal characteristics – integrity, honesty and hard work – which I bring to this position. The most important lesson in all of this is transparency, which I interpret as meaning a willingness to share honestly the challenges, the less than successful outcomes, as well as the successes.

Lastly, I bring to this position the tenacity and perseverance necessary to successfully implement a complex project and achieve the desired goals. I believe that this position will require the ability to stay relentlessly on task despite all obstacles – in other words, mountains of both tenacity and perseverance.

While I am not a correctional professional, I believe that my educational and professional background enable me to know how to proceed in determining the most effective programs to implement in a correctional setting. I am a Sociologist by educational training and a health and human services administrator by profession. I have experience in the delivery of effective services and supports based on assessed needs, case planning, and case management. I also have experience in identifying program outcome measures and developing quality assurance systems. These experiences are central to principles and practices reflected in the Expert Panel's California Logic Model.

I also have direct experience with many of the core programming areas identified by the Expert Panel as well as others (e.g., substance abuse, mental health, developmental disabilities, child welfare, welfare, health and community care licensing, and child support). In fact, in prior positions I was responsible for the state's developmental centers and state hospitals, which are both large institutions providing intensive behavioral, medical and custody services (both civil and criminal commitments). In addition, I have experience in overseeing the delivery of many of these services in the community through public service delivery systems. I believe that this experience is critically important because the programs that are delivered in custody are only part of the equation. What happens in the community to ensure access and continuity of care will most often determine success, not just the in-custody programming. Knowledge of community-based services and system is therefore equally important.

With this background, I believe I know how to approach determining the most effective programs to implement in a correctional setting. At the same time, there is a significant body of literature about evidence-based programming in correctional settings; much of which has been analyzed and presented to CDCR by the Expert Panel and the Governor's Rehabilitation Strike Team. The Department has been funded to maintain the link to what works through consultants, expansion of the Office of Research, and

establishment of an Office of Program and Policy Development and Fidelity. There are also other program professionals within the Department including mental health practitioners, educators, and substance abuse treatment specialists. These resources together with the other correctional experts within the Department are available for consultation and advice as needed.

Correctional Reorganization

Your position was created in the 2005 reorganization of CDCR, and you are the second person to hold the job.

3. ***The word "rehabilitation" became part of your department's name in the July, 2005 reorganization. How is rehabilitation being fostered? As a result, how are programs in prison different than in July, 2005? What improvements do you expect in a year? In five years?***

The word "rehabilitation" is certainly a central part of the language within the Department; however, the term likely has a different meaning for different people. Similarly, while it is widely recognized that "rehabilitation" is now part of the CDCR mission, it appears that some staff embrace and others do not agree or even reject the concept. Among the Wardens and other high-level staff, I would say that there is at minimum acceptance but, for most, there is enthusiasm about increasing opportunities for rehabilitative programming. Nevertheless, overall, it is not clear that there is a shared view or vision about the meaning, principles, or practices in making the term "rehabilitation" operational.

Since 2005, the biggest problem in moving forward with rehabilitative programming has been the severe overcrowding of CDCR institutions, which has resulted in a lack of program space and serious population management problems. Within the past several months, there has been some population pressure relief which has enable focused attention on "back-to-basics" in managing the inmate population and enabling inmate participation in programming. This is a significant change since 2005, albeit it is a recent change. Placing attention on increasing program participation, together with teacher hiring and changes in the school calendar year, has already resulted in greater utilization of existing programs (i.e., an increase in the actual hours of participation). Between April 2007 and April 2008, utilization of academic programs has increased from 50 percent to 67 percent (34 percent increase), and for vocational programs from 42 percent to 61 percent (45 percent increase).

The nature of the academic and vocational programs has also changed since 2005. The Office of Correctional Education (OCE) adopted standardized texts for academic and vocational programs, and implemented the National Center for Construction Education and Research (NCCER) curriculum. These changes better link education

and vocation classes to community standards and connect to local labor market standards. The OCE also implemented the Alternative Education Delivery Models (AEDM), which provides additional education opportunities through Independent Study, Distance Learning Programs, or other non-traditional learning approaches designed to address the needs of special populations and/or the challenges of the environment (e.g., space, staffing [custody and teacher], etc).

In addition, since 2005 the availability of Recidivism Reduction Strategies (RRS) funding has resulted in increasing rehabilitative programming both in prison and in communities. For example, RRS supported the addition of 19 vocational classes, funded the design and implementation of a risk and needs assessment instrument and individual case management plan, expanded substance abuse treatment programs, established a carpenter apprenticeship program, augmented day reporting center services, and supported implementation of the Senate Bill (SB) 618 Community Partnerships program.

There has also been an increase in substance abuse treatment programming. There were 8,745 participants in in-prison substance abuse programs at the end of April 2007; at the same time this year, there were 9,040 participants. In addition, by the end of 2008, substance abuse programming will increase by 2,000 slots, up from the current treatment capacity of 9,669 slots. The prisons will add another 2,000 slots by mid-2010. The total 4,000 slots will represent an increase of more than a 40 percent in available programming. The utilization rate for substance abuse programs for the past several months has been steady at above 90 percent.

There has also been an increase in substance abuse continuing care programs in the community since 2005. Continuing care programs include several treatment environments: residential; sober living; outpatient; drug treatment furlough (DTF); female offender treatment and employment program; and Parolee Services Network (PSN). Two new continuing care substance abuse programs started – SB 1453 and the In-Custody Drug Treatment Program (ICDTP) – were initiated in the prior 15 months. The number of participants in continuing care has also increased from April 2007 to April 2008, from 2,498 to 3,866 participants, up almost 55 percent. When the 900 PSN participants are included, the total number of participants in continuing care programs is 4,766. While this is a step in the right direction, these increases are not yet sufficient to meet parolee needs in the community.

During this year, utilization of existing academic and vocational programs is expected to increase greatly. The goal is to achieve a 75 percent utilization rate for existing programs by the end of this calendar year. Furthermore, the "proof project" sites will add new core programs recommended by the Expert Panel, such as Thinking for a Change, and Control Anger and Learning to Manage. These programs will be available at California State Prison (CSP), Solano and the first reentry facility, the Northern California Reentry Facility (NCRF). During the past few months, attention also has

been placed on increasing the availability of and access to community-based, faith-based, volunteer, and inmate-led programs and activities. It is expected that these types of programs and activities will also increase during this next year.

Within the next five years, the expectation is that a full menu of rehabilitative programming will be available at each institution; the exception will be programs for sex offenders, which will be available at selected institutions. The menu will include a selection of programs in each of the six core programming areas recommended by the Expert Panel, as well as a full array of other community-based, faith-based, volunteer, and inmate-led programs and activities. The expectation is that all inmates will have an assessment and case plan to direct how they will spend their day and reduce "idle" time. Currently, about 50 percent of offenders participate in some type of program or activity assignment during their incarceration. During the next five years, the goal is to increase inmate participation in the right program, i.e. a program(s) that addresses his or her criminogenic needs, prior to release.

4. ***Your predecessor said that her goals included expanding evidence-based prison and community programs. Do you share that view? In the year since Ms. Montes made that statement, what progress has been made toward those goals? Are there more evidence-based programs today serving more inmates?***

I share the view that increasing evidence-based prison and community programs is an important goal; however, there is more that I would like to add to the statement. Increasing evidence-based programs in prison requires that we improve what we have to comport with evidence-based principles and practices, and add to our repertoire of available programs by selecting and effectively delivering a limited number of new core programs. Just as important is the task of getting the right offenders to those programs, i.e., those with an assessed need(s) who can benefit from the program. Simply establishing the program is not enough.

In the community, the challenge is similar but the scale is much greater. An array of CDCR purchased services is currently available in the community; however, it is not at all evident that these are the right services, in the right location, or serving the right parolee. A relatively small number of parolees (about 45 percent) participate in available programs, and most of this participation is the Parole and Community Team program, which are mandatory orientation meetings for recently released parolees. Again, the challenge is to ensure sufficient evidence-based programming is available statewide to enable a seamless transition from prison to the community.

In the past year, as noted in the prior question, there has been some progress in adding a few new programs and/or serving more inmates. Mostly, the utilization rate for existing programs is steadily increasing and more capacity is starting to come on-line.

Therefore, while there are a few more evidence-based programs, more inmates are being served primarily due to increases in participation.

5. ***Inmate custody is divided into five mission-based positions. What organizational structure do you use to implement program and stay informed of activities in the various prisons?***

The organizational structure used to implement programs mostly reflects the five mission-based disciplines. Adult Programs has three divisions: Division of Education, Vocations, and Other Programs (DEVOP), Division of Addiction Recovery Services (DARS), and Division of Community Partnership (DCP). The DEVOP has functional supervision for academic and vocational programming and is organized using the same five mission-based disciplines: reception center, high security/transitional housing, general population Levels 2 and 3 and community correctional facilities (male), general population Levels 3 and 4, and female offenders. Currently, the other two divisions are not organized by institution mission-based discipline.

However, DARS is considering how best to organize as it begins to expand substance abuse programming into the full range of mission-based institutions. The DARS currently operates programs in 20 institutions, mostly in general population Levels 1, 2 and 3. The addition of 4,000 slots by mid-2010 means that substance abuse programs are anticipated to be operational in 28 of the 33 institutions, across all mission-based disciplines. Increasing services throughout the system presents the opportunity to reconsider the organizational structure.

The DCP staffing level for programs it oversees in the institutions is not sufficient to warrant organizing by mission-based discipline. For example, there is typically only one or perhaps two staff responsible for oversight of Community Partnership Managers (CPM), religious programs, or inmate leisure time activity groups.

Each division has established formal and informal communication mechanisms with each institution. This includes direct communication with the principal at each institution, supervisory staff assigned on-site to oversee each substance abuse programs, CPMs and chaplains. In addition, at the headquarters level, there is communication among the Division of Adult Institutions (DAI) and Adult Programs at all levels, including the directors and associate directors and staff. Some of the communication is through regularly schedule meetings and some is ad hoc or as needed.

The rehabilitative programming reform project has also resulted in establishing a governance structure at both the state and local levels. A formalized governance structure is under review for implementation of Track 1 (increasing utilization of current resources) and Track 2 (implementing the "proof project"). The governance structure denotes the responsibilities of executive sponsors (typically undersecretaries or

chief deputy secretaries), project sponsors (typically division directors) and project managers (typically assigned staff). These organizational structures provide a forum for detailed information sharing about current operations at institutions.

6. ***Senate staff have often visited prison education programs and found some classes shut down due to teacher absences, lack of substitute instructors, or lockdowns. If staff observed classes today, would they see more classes operating with more students? What is your role in recruiting teachers to vacant positions?***

Yes, more classes would be operating and more enrolled students would be attending available classes. However, there is still variability statewide in terms of actual student participation in available classes by institution. Based on data as of March 31, 2007, the Assembly Bill (AB) 900 benchmark measure date, utilization of academic programs by institution ranged from a low of 12 percent to a high of 89 percent, with a statewide average of 50 percent. Similarly, utilization of vocational programs by institution ranged from a low of 18 percent to a high of 63 percent, with a statewide average of 42 percent.

As part of the analysis leading to Track 1 implementation, i.e. to increase utilization of existing programs, data regarding the reasons for program closures was also analyzed. The program closure reasons are about evenly divided between custody, modified programming and lockdowns, and education, teacher vacancies, absences, on-the-job training, special assignments, etc. Both of these reasons are the focus of attention in Track 1 implementation – managing the inmate population and increasing participation in existing programming.

There are a number of factors to address in increasing classroom operation. First, filling teacher vacancies is one important factor and there has been some success in this regard. The Department of Personnel Administration negotiated revisions to the salary and school day year for adult institution academic teacher and vocational instructor classifications to bring into statewide parity with public schools, county offices of education, and the bargaining agreement between CDCR Division of Juvenile Justice and the California State Employees Association, Bargaining Unit 3 which took effect April 1, 2007. During fiscal year (FY) 2007-08, a focused recruitment effort, using a CDCR teacher recruitment team, resulted in increasing the teacher workforce by 175 positions, from 1,217 positions to 1,392 positions over the prior year out of a total of approximately 1,520 positions statewide. While it was necessary to hold some positions vacant during FY 2007-08 to fund the pay parity increase, an additional 121 positions are budgeted in FY 2008-09. Recruitment for these positions is underway pending final approval of the Governor's Budget for FY 2008-09.

Second, the new instructional day calendar is intended to increase actual instructional time. Prior to the new contract addendum, teachers who used all potential available days off could have provided as few as 188 instructional days per year. A reduction in

the school calendar year (from 261 to 220 days) together with the elimination of other time off (e.g., vacation, testing days, block training, etc) actually should increase time in the classroom.

Third, other barriers to classroom operations will also be addressed including, but not limited to, the lack of substitute teachers.

My role in recruiting teachers to vacant positions is to ensure that the DEVOP leadership team has a sound teacher recruitment and retention plan in place, and to monitor monthly authorized and vacant positions statewide and by institution.

AB 900

On April 26, 2007, the Legislature approved AB 900 (Solorio), Chapter 7, Statutes of 2007, the Public Safety and Offender Rehabilitation Services Act of 2007. The act was intended to finance construction of living and program space for 40,000 state inmates and create a broad range of performance measures that the department must meet. It also was supposed to expand a number of existing programs such as in-prison drug treatment, require that all new bed space be accompanied by rehabilitation services, and provide incentives to increase inmate participation in education programs.

7. ***What role do you play in meeting the goals of AB 900? Upon observation, would there be visibly more programming than a year ago? What would Senate staff see on an inspection tour?***

I am responsible for establishing the overall plan for implementation of AB 900. In addition, I have direct responsibility for implementing key components of AB 900 related to instituting and overseeing rehabilitative programming. In this role, I partner with my chief deputy secretary colleagues, the chief deputy secretary for Adult Operations and the chief deputy secretary for Facilities Planning, Construction and Management, who are responsible for other components of AB 900, e.g., facility construction, operation of adult institutions, including reentry facilities, and adult parole operations.

There would be more programming upon observation at some institutions than there was a year ago. More programming primarily means an increase in program attendance, with some new programs. However, having said this, I would not want to suggest that this is uniform or consistent among all institutions. As part of Track 1 implementation, baseline measures for programming will be developed for each institution. During the next year, there will be a noticeable increase in programming statewide.

Accountability

8. ***Former Secretary James Tilton said that one of the biggest issues facing the department was "lack of programs." How have you sought to add programs that have been shown to be effective either in California or other states? Have you sought to discontinue ineffective programs? What standard do you use to determine the effectiveness of a program? Are you responsible for program creation and/or elimination?***

The Expert Panel Report provided guidance on evidence-based programming in six core program areas found to be effective in other states. The CDCR primarily offers programs in two of these areas: academic and vocational education, and substance abuse treatment. Adult Programs is in the process of procuring new core programs in each of the other areas as part of the "proof project" sites. The goal is to add at least one program in each new core program area, which includes: (a) aggression, hostility, anger and violence; (b) criminal thinking, behaviors and associations; and (c) family, marital and relationships. The fourth new core program area is sex offending which, given the greater complexity of this programming area, will require additional study before moving forward. Upon successful implementation of these new programs at the "proof project" sites, statewide implementation is expected to move quickly.

An initial evaluation of the 34 CDCR-offered programs identified by the Expert Panel has been completed. The Expert Panel evaluated 11 of these programs as part of the report issued in June 2007; evaluation of the remaining 23 programs was completed by CDCR under contract with the University of California, Irvine Center for Evidence-Based Corrections. The California Program Assessment Process (CPAP) tool was used to complete these evaluations. The CPAP evaluative factors include, but are not limited to, whether the program: assesses risk and targets high-risk; assesses criminogenic needs and delivers services accordingly; has a clearly articulated theoretical model; and has a program manual and/or curriculum. Overall, the evaluations found that most programs have elements that were in-line with evidence-based practices, although several programs scored relatively low.

The Office of Research is using this evaluative information to complete more in-depth reviews of the programs found lacking to identify how to modify or eliminate ineffective programs. The Correctional Program Checklist (CPC), a nationally recognized and validated assessment tool, will be used to make this final determination. Eighteen staff have been trained in use of the CPC tool, and final evaluations will be completed as part of Track 1 implementation. The CPC uses evaluation standards founded on evidence-based practices and principles or what has found to contribute to reduced rates of recidivism.

One word of caution, while ineffective programs will be re-tooled or eliminated it should be noted that the evaluative tool determines which programs adhere to evidence-based principles and practices. The process of re-tooling or eliminating existing programs must recognize the need to proceed cautiously and without creating the unintended consequence of more inmate "idle" time. Moreover, while it is recognized that a full menu of evidence-based programs must be available in core programming areas to address inmate criminogenic needs, there are other programs or activities that are vital to occupying the day in a constructive and meaningful way. These non-evidence-based programs or activities also should be fostered including leisure time, self-help or other pursuits.

9. ***Are you responsible for monitoring the quality and effectiveness of educational, vocational, or self-help programs at each institution, or is that the warden's job? If you are not the person responsible, who is and what role do you play?***

The wardens and I share complementary, but distinct, responsibilities for monitoring the quality and effectiveness of educational, vocational, and self-help programs at each institution. Adult Programs, for which I am responsible, provides the professional standards governing the operation of these programs, as well as the expertise in delivering these services. However, the responsibility for day-to-day supervision and oversight falls under the jurisdiction of each warden. It is expected that each warden will understand the overall operating requirements and standards for each program, and the measure used to monitor performance.

10. ***Who is responsible for self-help programs such as Alcoholics Anonymous, Narcotics Anonymous and anger management? Who monitors them to assess quality?***

The responsibility for self-help programs is described in the response to question #9. At this time, there is little to no monitoring to assess quality and, consequently, it is likely that there is some variability in the delivery and effectiveness. However, these types of self-help programs typically follow generally accepted community-based standards for delivery. I have initiated a project to collect baseline data on currently operating programs, with the intent to fully utilize and/or expand existing capacity. The project will result in identifying options for increasing programs as appropriate, and requirements and funding needed to support such expansions. The project is underway at three institutions: California Institutions for Women (CIW), California Institution for Men, and Deuel Vocational Institution (DVI). Instructional letters were issued in early April and May 2008.

11. ***How do you ensure uniformity among the various educational, vocational and self-help programs at all of the institutions within the CDCR system?***

Standardized delivery of programs is a key concern in ensuring that programs adhere to evidence-based principles and practices, and are delivered in a manner consistent with the intended design. In fact, while many existing programs use evidence-based curriculum, the delivery may not be in accordance with the design. This is one reason for differences in the effectiveness of the same programs in different settings. Consequently, statewide consistency in delivering standardized programs is very important.

To address this concern, Adult Programs has undertaken a focused effort to increase standardization in the delivery of existing core programs. DEVOP began this effort in the fall 2007 for education programs by creating curriculum modules and testing requirements. This focus is on program standardization, program fidelity, alignment of curriculum to industry-certified national standards, and alignment of academic curriculum to the California Department of Education's adult education standards for high school completion. Anticipated outcomes are more effective monitoring of inmate progress and improved outcomes in terms of successful milestone and program completions.

With regard to uniformity among self-help programs at all institutions, the process described in the response to question #10, is intended to address this issue.

Expert Panel

In the 2006-07 Budget, the Legislature funded an effort to convene an expert panel made up of corrections officials and academics from around the country. In its report last year, the panel urged the enactment of legislation to expand the state system of positive reinforcements for offenders who successfully complete their rehabilitation program requirements, comply with institutional rules in prison, and fulfill their parole obligations in the community. It recommended laws that would allow CDCR to award earned credits to offenders who complete any rehabilitation program, such as substance abuse treatment or life skills development, in accordance with their behavior management plans. The panel also said CDCR needed to improve the quality of reentry education programs.

12. ***What has happened since the panel report was published? Have you moved toward fulfilling the panel's recommendations and, if so, what has been the result?***

A lot has happened since publication of the Expert Panel Report in June 2007. The report contained 11 recommendations and 35 sub-recommendations, which addressed many areas including two pre-conditions for effective rehabilitative programming: reducing overcrowding and establishing a program participation incentives system. The above introduction to the Expert Panel notes that the program participation incentives issue includes recommendations specific to earned credits (there are four recommendations or sub-recommendations in this area). Adult Programs reviewed the entire spectrum of participation incentives, including the use of earned credits, and concluded that this along with other incentives are needed to establish a rehabilitative environment within prison as well as while on parole.

Adult Programs prepared a discussion paper that is currently under review within the Department. It suggests a comprehensive approach to creating a rehabilitative environment. Existing regulations and operating procedures provide for a robust system of incentives and disincentives. However, over time prison overcrowding has made it difficult to implement and pay attention to this system. Therefore, it is suggested that components of the program participation incentive system should include: (a) reinstituting the privilege and disciplinary processes; (b) revisiting the current inmate assignment process; and (c) establishing tangible earned incentives – financial and earned credit. Track 1 implementation addresses both (a) and (b), tangible financial incentives are being considered, and earned credit is under discussion with the three-judge court panel.

Other recommendations of the Expert Panel are in various stages of implementation. For example, there are 12 recommendations and sub-recommendations relating to using a risk assessment tool, one relating to case planning, eight relating to delivering a core set of programs, and so on. A progress report on implementation of rehabilitative programming reforms was recently submitted to the California Rehabilitation Oversight Board established by AB 900.

13. ***The department is phasing in a new treatment model using what it calls "proof projects" or demonstration projects, such as one located at Solano State Prison. Please describe your role in the Solano pilot project. How are you deciding which programs to institute as part of the project? What is the status of the Solano pilot program?***

I am actively involved in the Track 2 implementation of the "proof project" at four sites: a reception center, DVI in Tracy; a prison, CSP-Solano; a secure community reentry facility, the NCRF in Stockton; and parole, Parole Region I serving the counties of San Joaquin, Calaveras and Amador. A governance structure is in place and detailed

work plans developed for CSP-Solano and NCRF. The work plan for the reception center is underway; soon to be followed by the plan for the parole region.

The implementation process for CSP-Solano began in late 2007 with the Track 1, Solano Project, which focused on population management as a precursor to establishing an environment that enables rehabilitative programming to occur. The Track 1 effort to increase utilization of existing programming has moved forward quickly, resulting in the removal of some inmates and an increase in the ability to program. The recent decline in the statewide prison population has also enabled the removal of "bad beds" and restoration of gyms and other non-traditional space at CSP-Solano.

Solano has now moved into the Track 2 implementation planning stage of the "proof project." A number of activities are underway including, but not limited to: administration of risk and needs assessments; design of the case flow, case plan and case management process; and procuring the selected new core programs. As noted in a previous response, new core programs have been selected based on the recommendations of the Expert Panel and using decision-making criteria/matrix to arrive at a final selection. The intent is to deliver these programs initially using contracted providers; as experience is gained, future delivery methods will be re-evaluated. In addition, many other implementation issues are identified daily and addressed using issue resolution and system design documentation processes. The Solano "proof project" full implementation will begin early in FY 2008-09.

Risk and Needs Assessment

Since the departmental reorganization, many CDCR administrators have referred to the goal of providing every inmate with a risk and needs assessment that would be conducted immediately upon intake and used continuously through parole. The education department is now conducting these assessments.

14. ***What is your understanding of the status of this effort, and explain how your division has been involved? Is the assessment being done at all reception centers to all new inmates? How are you incorporating the assessment into decisions regarding inmate placement? Over time, what effect will it have on programs?***

The goal is to conduct a risk and needs assessment of inmates during the intake process at reception centers. Although the intent is to assess all inmates, there may be some limited circumstances where this may not be appropriate, e.g., inmate with less than 35 days to serve who will parole directly from the reception center. There are approximately 11,000 intakes per month, with the majority comprised of new commitments (about 34 percent) and parole violators pending revocation (about

45 percent). Female offenders comprise about 10 percent to 12 percent of the total intakes. It is further intended that a risk and needs assessment be performed periodically but at least as part of the reentry planning process. The frequency and reasons for reassessment are being determined through the case planning and management design process.

To begin, the Department has selected the Correctional Offender Management Profiling for Alternative Sanctions (COMPAS) as the risk and needs assessment instrument. The risk and needs assessment process began as part of the parole pre-release planning process and has evolved during the past year in several other areas. Modifications and enhancements either have been made or are contemplated to the original COMPAS instrument, including modules for: a core COMPAS for males and females; a reentry COMPAS for males and females; and an automated Institutional Staff Recommendation Summary (ISRS) report. The intent is also to modify the COMPAS instrument to incorporate the California Static Risk Assessment model, and replace the current static risk factors.

Adult Programs has been involved throughout the process to select and hone use of the COMPAS risk and needs assessment instrument. While my staff are key members of the project team their primary focus has been on implementing COMPAS at reception center intake. As of early November 2007, the COMPAS instrument was implemented at all reception centers. Presently, the risk and needs assessments are performed by 22 teachers, with almost 13,000 assessment conducted to date. Current staffing levels do not permit all inmates to receive an assessment at intake. Additional resources are included in the Governor's Budget for FY 2008-09 to increase staffing to perform assessments. These new resources, together with other modifications to the intake process, will enable completion of a COMPAS assessment for most inmates at intake.

Initial steps have been taken to incorporate the COMPAS risk and needs assessments into the classification and endorsement process. On February 14, 2008, instructions were issued to Classification Staff Representatives (CSR) at reception centers to use COMPAS assessment data (if available) in conjunction with the ISRS or the Reception Center Readmission Summary when endorsing an inmate for transfer from a reception center to a prison. The instructions direct CSRs to match the level of treatment services to the risk level of the offender to house inmates at facilities that offer the custody level and program services suggested by the COMPAS assessment. Since all prisons offer educational services, these instructions mostly impact inmates with a substance abuse need. The instructions direct CSRs to refer an inmate with an identified need for substance abuse treatment to an institution with a substance abuse program.

There will be additional refinements to the use of COMPAS assessment data in making initial endorsements to an institution and assignments to programming. In addition, secondary assessment instruments have been selected and will be used to inform the

development of individual case plans for inmates determined moderate to high risk to recidivate. Over time, these COMPAS and secondary assessments will allow more effective alignment of inmate treatment and programming needs with institutional and programming assignments. Moreover, the aggregate assessment data derived from the COMPAS assessment process will be used to identify unmet needs and assist in planning resource development in prisons and in the community.

Academic Education and Literacy

Based on data provided by your office in 2007, approximately 10,500 inmates, or roughly 6 percent, are enrolled in academic classroom work, which can lead to earning a GED diploma. Based on data provided by your office last year, the average reading level of CDCR inmates is approximately 7.1 grade level for males and 8.0 grade level for females.

15. ***Beyond the work of the expert panel, are there efforts underway to explore other possible options to increase the number of inmates who might earn a GED? What efforts are underway to improve literacy levels among inmates?***

The OCE has initiated efforts to increase the number of inmates who might earn a GED through other possible options referred to as AEDM. The AEDM approach, which was contractually negotiated and instituted at institutions statewide, provides educational services through non-traditional educational delivery methods. Several AEDM models should contribute to increasing the number of inmates earning a GED.

a. Part-Time School Attendance/Independent Study: This delivery model allows inmate students reading above a 9.0 grade level to attend school halftime, and participate in independent study half time in the living unit. This allows teachers to provide direct instruction to twice as many students in these GED-preparatory type classes, 27 students in the morning, another 27 students in the afternoon.

b. Independent Study: This delivery model provides just an Independent Study Program, which allows inmates not enrolled in an education assignment to receive remedial or GED-preparatory instruction from an Independent Study program teacher who maintains a student to teacher ratio of 120:1.

c. Educational Television Programming: This delivery model allows inmates to participate in specific educational television programming. Each institution was authorized a Television Specialist position as well as standardized media equipment specifically designated to run multiple DVD recordings of educational programs. Many of these programs contain GED preparation materials such as Kentucky Education Television (KET) and Transforming Lives Network (TLN), formally known as Correctional Learning Network.

d. Distance Learning Program: This delivery model allows for a more formal Distance Learning Program in which teachers provide KET and TLN materials to inmates participating in these on-air programs. Because the programs are available both live and on DVD, the Television Specialist is able to schedule viewing times that accommodate inmates in full time work assignments regardless of shift or days off.

In addition, the Incarcerated Youthful Offender Program (IYO) assists a select group of inmates in receiving their GED. The IYO is a federally funded program to assist a select group of inmates less than 25 years of age with less than five years to serve in receiving their GED. The IYO coordinator is able to proctor exams directly for these inmates outside of Education Department programming.

With regard to improving the literacy levels among inmates, there are several efforts underway but it is not entirely clear that these are sufficient. For example, adoption of a standardized text for each of the Adult Basic Education levels (I, II & III) in reading and mathematics should assist in improving inmate literacy levels by establishing a consistent, high quality instructional methodology between classrooms and institutions. The standardization not only improves quality but also helps in maintaining an inmate's educational progress, which previously was hindered when he or she transitioned from program to program within an institution's own education department, or when transferring to another institution. Vocational program instructors also have standardized curriculum and texts and are required to provide students with a minimum of one hour a week of literacy instruction.

There are also other literacy programs coordinated through distance learning or independent study, peer tutoring, and federally funded remedial education for inmates 21 years of age or less. The Peer Tutoring Literacy Programs provide formalized training to inmate tutors in internationally recognized programs such as Laubach Tutor Training, who then voluntarily provide literacy tutoring to interested inmates during non-work/school hours. The federally funded remedial and literacy programming is available for inmates under 21 years of age under the Elementary and Secondary Education Act.

Having said this, I plan to revisit possible options to enhance current efforts to improve inmate literacy levels. This area is critical in assisting offenders in successful community reentry and, it would appear, much more could be accomplished using low or no cost options.

16. ***What use does CDCR make of inmate tutoring programs? What do you believe are the barriers to more widespread use of inmate tutors? Every CDCR institution employs at least one librarian and library clerks. To what extent are they involved in inmate tutoring programs?***

The CDCR does make use of inmate tutoring programs, but they seem to be mostly "home grown" based on individual warden, staff interest and/or community-based groups or volunteers. This means that there does not appear to be a consistent statewide approach to the use of inmate tutoring programs. Based on the information currently available to me, I do not believe that CDCR makes full use of the potential for inmate tutoring programs.

The barriers to using inmates as tutors are mostly related to space, custody, and the lack of a structure to initiate and oversee a tutoring program. An institution's library space has traditionally been the optimal area for inmate tutoring programs as it is accessible to all general population inmates and operated during various days, evening, and weekend shifts. The space is staffed with both librarians as well as custody officers, and offers an atmosphere conducive to learning. Unfortunately, the challenges in librarian recruitment have created numerous vacancies statewide that prevent institutions with multiple yards and multiple libraries from maintaining continuous operating hours throughout the week. Options to recruit and retain librarians are under consideration. Therefore, I would say that librarians and library clerks are not currently involved in any consistent statewide manner in inmate tutoring programs.

While the use of librarians/library clerks may be an option, there may be others as well. For example, this is an area where community-based, faith-based, volunteer, self-help or other groups or individuals could also be encouraged to become involved. In all circumstances, it will be necessary to consider how use of inmate tutors and/or other individuals to increase inmate education levels and literacy will work. Areas such as space needs, custody or other supervisory staffing, and inmate participation incentives for tutors as well as inmates will be explored further, particularly as we expand the opportunities for all inmates to participate in meaningful activities and reduce "idle" time. This is undoubtedly an under-utilized resource.

17. ***What use is made of distance learning in CDCR institutions? Are any efforts underway to enhance the use of distance learning given the limited available classroom space? Please be specific.***

As described in my previous response to question #15, distance-learning opportunities are offered through institutions with approved AEDMs. Distance learning teachers coordinate not only with the Television Specialists with on-air programming, but also coordinate with accredited schools offering correspondence courses to incarcerated adults. The Distance Learning Program teacher assists students in scheduling classes, processing textbooks into the institution through the mail, and proctoring exams.

In most instances, the distance-learning teacher utilizes shared space, or maintains work hours outside of regular classroom programming hours, in order to minimize impact on limited classroom space.

I am not aware of any specific statewide effort currently underway to enhance the use of distance learning; however, I suspect that individual institutions likely have plans to do so. This is another area that I will pursue and, in particular, exploring the potential for partnerships in with local schools and colleges, such as the arrangement with Palo Verde Community College District, and others (see below response).

18. ***Ironwood State Prison has a partnership with Palo Verde Community College District that allows inmates to earn Associate of Arts degrees through distance learning. Do you have plans to replicate this program elsewhere?***

The OCE has expanded partnerships with several institutions to provide the opportunity for inmates to earn higher education degrees. Several institutions have independent partnerships with local colleges to provide Associate of Arts and Bachelor of Arts degree opportunities for inmates. For example, Chaffey College works in cooperation with several of the women's facilities, while Patton College offers programming at San Quentin. The OCE has also entered into a partnership with Coastline Community College to provide correspondence courses at all 33 institutions through DVD instruction.

While there were no specific plans to replicate this program elsewhere, I am interested in all opportunities to replicate the Ironwood State Prison (ISP) or other successful models. These options will be explored through local colleges and the Community College System.

Substance Abuse Programs

The Division of Addiction and Recovery Services was created to improve the administration of substance abuse programs and improve outcomes for participants. This division is under your jurisdiction.

19. ***How do you work with this office? How do you monitor the effectiveness of substance abuse programs?***

I am responsible to oversee the operation of the DARS, and do this by providing guidance and supervision to the DARS director. The DARS was elevated from an office to a separate division in early 2007 in order to provide more focused attention in remedying the findings of an Office of Inspector General (OIG) report. The OIG report found that CDCR substance abuse programs were failing and required significant

re-tooling to improve effectiveness. This change created the direct reporting relationship between the DARS director and my position.

The current director of DARS has significant knowledge and experience in the field of addiction and recovery, including serving as chief deputy director for the California Department of Alcohol and Drug Programs and working in community-based programs. Consequently, I have focused my attention on monitoring actions to remedy the performance issues identified by the OIG, expanding the availability of in-prison substance abuse services (as required by AB 900), and expanding utilization of aftercare services including SB 1453, the ICDTP, and the DTF program.

In the past 15 months, a number of changes have been made in the operation of substance abuse programs to improve the ability to monitor program effectiveness. Private providers deliver substance abuse services, both in prison and in the community, under contract with CDCR. DARS has changed the procurement and contract documents to add clearly stated deliverables and performance measures. DARS collects data monthly from contract providers to track program participants, number of program completions, average length of stay, and show-up rates to continuing care programs. Staff was also trained on appropriate budget protocols, improving the monitoring of spending and use of contract funds. These changes have increased program monitoring and accountability, and provide me with baseline data to monitor overall program status.

In addition, DARS has improved operation of in-prison substance abuse programming by monitoring the impact of security or custody issues that interfere with effective program delivery. The OIG identified nine programs at seven institutions where security or custody reasons had significantly affected the delivery of treatment services. Following an extensive review of each site, DARS relocated some programs and worked with wardens to restructure yards and appropriately reduce lockdowns to enable effective service delivery. DARS also began tracking lockdown data on a weekly basis at institutions where contractors administer treatment programs. I also review this data weekly and confer as appropriate with the director of DARS or the DAI if continuing lockdowns are interfering with the ability to program.

The DARS has also established a Treatment Advisory Committee (TAC), a group of substance abuse treatment experts, to modify and develop programs to treat a wider range of inmate needs. DARS is moving to restructure all in-prison substance abuse programs into three levels of treatment, which will address intensity of services constrained by the inmate's time left to serve. This approach, along with new inmate assessment, case planning and management, should enhance the ability to target the right interventions, to the right inmate, at the right time.

The DARS is training and certifying inmates with life or longer-term sentences as mentors to lead treatment groups. This is proving to be an effective service delivery

model; inmate led treatment groups contribute greatly to the therapeutic community model. This area will be pursued for expansion.

The DARS has also initiated the process of creating a Program Accountability Team (PAT) to effectively monitor and assist in-prison treatment providers. The PAT will use evaluation tools validated by the TAC for quarterly monitoring of program effectiveness and fidelity. The quarterly program visits will result in a written report to the on-site treatment program director that identifies areas in which improvements or modifications are required.

All new in-prison contracts will now include additional performance measures. The performance requirements and measures include, but may not be limited to: performance targets; three levels of treatment to address different levels of addiction; a required 1:15 counselor to inmate ratio; certification of counseling staff; and gender-specific treatment models. This performance data will enhance oversight and accountability to ensure that treatment programs are providing high quality services.

Program monitoring and accountability also have increased for community-based Substance Abuse Services Coordinating Agencies (SASCA) contracts. DARS collects data from contracted providers weekly and monthly. This allows DARS to provide information on SASCA participants by program, percent of completers, average length of stay, and show-up rates to continuing care substance abuse programs. DARS can also run queries to determine the rate of return to prison of program completers versus those that do not receive continuing care. DARS has several databases that provide information on the many different community-based continuing care programs including, SB 1453, ICDTP, and DTF.

The current SASCA contracts also contain language to require outreach at in-prison substance abuse programs. These efforts along with the in-prison substance abuse program efforts and the new aftercare programs have resulted in increased participation in aftercare programs. In December 2006, there were 2,339 participants in aftercare programs; today there are 4,010 participants, an increase of more than 70 percent. This number excludes the 900 participants in the PSN.

These tools allow me to monitor the overall effectiveness of substance abuse programs; however, we are working with the CDCR Office of Research to further my, and/or create new, databases to produce additional standardized baseline data reports. The information presently available gives me a relatively good overall sense of program performance, but as we proceed in expanding rehabilitative programming, additional and routinely collected data will be necessary.

20. What should be done to encourage or require more inmates to participate in aftercare when they are paroled?

There are two key actions that should encourage and/or require more inmates to participate in substance abuse program aftercare in the community. First, the new treatment contracts require that 75 percent of inmates participating in in-prison substance abuse programs should continue in community aftercare programs. The previous participation standard was 50 percent. The contracts also require that providers conduct secondary substance abuse assessments to ensure appropriate placement of addicts in treatment programs. Improper placement of participants without an addiction results in disruption to treatment programs.

Second, there has been an expansion in mandatory aftercare programs. In 2006, enactment of SB 1453 mandated 150 days of residential aftercare for most non-serious, non-violent offenders who have completed an in-prison substance abuse program. There is evidence that offenders who complete 90 days or more of residential aftercare have much lower recidivism rates than those who do not receive aftercare.

SB 1453 also provides the incentive of releasing specified parolees from parole who successfully complete the program. DARS has contracted with California State University, Long Beach, for a study of the effectiveness of SB 1453, and will be submitting an outcome report to the Legislature in January 2009.

In addition, other programs work in a similar fashion by enabling offenders to participate in substance abuse programs. For example, the DTF program and the ICDTP. The ICDTP has been expanded during the past year in response to the *Valdivia* lawsuit, with capacity increasing to over 1,800 slots and over 1,500 participants.

21. CDCR currently contracts with "outside groups" to provide drug and alcohol services both inside and outside prison. Do you know your plans with respect to this model? Will you continue to use this model or are you considering alternatives?

Alternatives to the current model are under consideration. The Expert Panel recommendations address the delivery of core programs, of which substance abuse programs are one, in both prison and community settings. In either setting, the Expert Panel recommends that programs serve offenders determined moderate to high risk to recidivate. Currently, services and supports are purchased by several organizational entities within CDCR, including parole, DARS, and the female offender program. An alternative model is necessary to enable purchasing of all services and supports in multiple settings (in prison, reentry facilities, and communities) through a comprehensive and uniform statewide approach.

Alternative models and options will be developed in the near-term. One such option is the use of a regional broker responsible to certify service providers based on CDCR established qualifications and standards, set rates using uniform methods and criteria, and to monitor and oversee performance. There are likely other options that will also be developed. The intent of this approach is to develop a comprehensive approach to purchasing services based on statewide criteria while also recognizing local reentry needs.

Vocational Education

The Prison Industry Authority (PIA) operates a variety of programs, which are thought to be very good preparation for jobs on the outside, but the PIA reports to the CDCR secretary and is separate from your division.

22. Are you able to coordinate activities with PIA? If so, how?

Yes, I am able to coordinate activities with Prison Industry Authority (PIA) through the General Manager and PIA staff. Coordination occurs through several means including: regularly scheduled quarterly meetings regarding PIA use of RRS funds; information sharing relative to proposed changes in PIA policy related to inmate participation; and, consultation regarding proposed changes in vocational training and programs. The PIA General Manager has also been extremely helpful in coordinating the building and installation of new modulars necessary to expand existing programs, including the new 2,000-slot expansion of the substance abuse program. Other collaborative efforts are also under discussion to assist in the expansion of vocational training opportunities.

The PIA has an important role to play within the continuum of academic and vocational training opportunities available for inmates within the prison setting. I would like to expand further the working relationship with PIA to ensure that we fully integrate their services within the rehabilitative environment that we are attempting to create within each prison. PIA also has considerable experience and successes that can be helpful to development and expansion of vocational programming in general.

23. Is there a standard currently in place to assess the appropriateness or value of specific vocational programs with respect to employment upon release? Is there coordination with vocational training programs at community colleges so parolees might continue their training to reduce recidivism?

There are efforts in place to assess the appropriateness or value of specific vocational programs in terms linked to employment upon release; however, current efforts are being enhanced and standardized statewide in order to work effectively.

The CDRC is beginning implementation of the California *New Start* prison-to-employment program, which will provide the direct linkage between academic and vocational programs and getting a job. Key components of this program are the classification of training to national employment/job classification standards (Standard Occupational Classification system), and providing training based on labor market job growth projection data. These changes will provide the link between the value of training and actual employment.

The OCE is currently researching job viability for each of the standardized vocational program curriculum offered at each institution. Part of the research includes looking at the specific counties and their employment needs and the locations of inmates who would be paroling to that county. For example, construction trades may have higher employability in Los Angeles and San Bernardino counties, but low employability in Humboldt or Lassen counties. Therefore, it would be appropriate to institute vocational programs in construction trades at institutions where the majority of the inmates parole to Los Angeles or San Bernardino counties.

Utilizing the national NCCER standards also allows inmate trade certifications to be entered in the NCCER national database for employers to verify job readiness and qualifications. At the same time, many vocational instructors actively use the Trade Advisory Committees to assist them in knowing the current industry standards as well as employment trends. The advisory committee members are associated with trade unions, providing a linkage for employment eligible inmates upon parole. These program elements will be enhanced and formalized through the prison-to-employment program. In addition, the CDCR Office of Research is working with Adult Programs to develop baseline measures needed to assess the impact of training on parolee employment and job retention.

Although CDCR is establishing new relationships with community colleges in other areas, to my knowledge there has not been an effort to coordinate vocational training programs with community colleges so that offenders can continue their vocational training upon release to parole. I will certainly pursue this avenue. The community colleges are collaborating with CDCR in two new areas: contracted education services to provide staff training in new rehabilitative programming areas; and, certification programs to enable job growth opportunities for CDCR staff and other individuals interested in CDCR employment. Several community colleges also currently provide inmate education programs, such as those referenced in question #18 relative to ISP and Palo Verde Community College District.

SB 618

In September 2005 the Legislature enacted and the Governor signed SB 618 (Speier), Chapter 603, Statutes of 2005, that allows three counties to launch a multiagency plan to prepare nonviolent felons to be better positioned for a successful transition back into the community. San Diego County officials are operating a pilot program. The goal is to create a plan for an inmate when he or she is in the county jail so the inmate can immediately start with education or vocational programs or life skills classes as soon as they enter prison.

24. Please describe the results of the program to date and the number of participants. Are other counties interested in pursuing the same idea, and what is the status of those efforts? What efforts are being made to expand the program?

The county initiated program implementation in February 2007. As of May 28, 2008, there are a total of 288 active participants, 235 males and 53 females. Of this total, 23 inmates were in assessment (county jail), 225 inmates were in prison (CDCR custody), and 40 offenders in post-release. Of the 225 inmates in prison, 31 were still in reception center processing. Of the total number of inmates moved to the general population (181), 139 of these were in at least one program.

An implementation barrier has slowed inmate processing. The original program design required the county to assume reception center processing; however, this has not been possible since the Medical Receiver prohibited the county from assuming this responsibility. As a result, offenders must be sent to the reception center for medical assessments. CDCR has requested that the new Medical Receiver reconsider this action. Removal of this restriction would result in expedited placement of participants into the general population, allowing them to enter into programs more quickly.

The SB 618 Reentry Program includes a research methodology that captures programming process and outcomes measures. The San Diego Association of Governments, a respected law enforcement research group, is conducting the evaluation using CDCR and Independent Review Board guidelines. The evaluation will use two control groups along with the experimental group to assess whether process and outcome measures have produced the intended increase in program efficiency and effectiveness. The impact evaluation will involve follow-up periods of 6, 12, 24 and 36 months post-release. The first participants exited prison in November 2007. Bi-annual research reports will be issued.

The first process evaluation report was issued in March 2008 based on interviews of program partners, i.e. individuals integrally involved in the planning and managing of the program as well as key staff. Overall, the findings were positive, with consensus that

the program will result in long-term systemic change, including a shift in focus to rehabilitation and the provision of wrap-around services.

In June 2006, CDCR surveyed counties to determine interest in the program. Counties interested in participating in the SB 618 County Assessment Program were asked to submit a certification form declaring the intent to work in collaboration with the various parties outlined in the original statute. While several counties did submit an intent form, only Orange County followed up with an official application to participate in the program. While the law allows up to three counties to operate the program, CDCR had made the decision to implement the program in only one county in order to better evaluate the concept before expanding to additional counties. Consequently, at this time no formal steps have been taken to expand this project.

I will ensure that expansion of this program to other counties is considered within the current overall reentry planning process. This issue will be revisited with the new leadership team.

Community Partnerships

The Division of Community Partnerships was established in the July 1, 2005, reorganization of CDCR to provide programs and reentry services. It is supposed to lead the department into partnerships with other governmental agencies, business groups, nonprofits, and advocates for victims. These partnerships are intended to create programs for inmates and assist felons to successfully transition back to a community upon release from prison.

25. One of the stated goals of this division was to improve community partnerships. How can this be measured? What success have you had? How does the division interface with parole in providing services for offenders back in the community?

The DCP has initiated several efforts to improve community partnerships, including creating an internal infrastructure to enhance partnerships as well as awarding grants to local communities for reentry planning and services. In FY 2007-08, CPMs were funded for each institution and secure reentry facilities to increase collaboration efforts. Identified performance measures to monitor effectiveness include, but are not limited to: increases in offender access and participation in services provided by community-based and volunteer organizations; new collaborative agreements; number of formal agreements between the prisons and other stakeholders; increases in new federal or foundation grant fund awards; and, increases in the number of self-help programs offered at each institution.

In addition, DCP has created a number of new linkages with community-based and faith-based organizations as well as state and local governments. Several of these linkages focus on increasing the local community's role and responsibility in the successful reintegration of offenders back into their home communities. These efforts include:

a. Community-Based Reentry Initiative & Intergovernmental Partnerships Program: These are two grant programs, which have resulted in agreements with 12 local government agencies and 8 community-based organizations. The grants are designed to foster collaborative planning and programming for offender reentry in local communities.

b. Prisoner Reentry Initiative (PRI): This is a federally funded grant from the U.S. Department of Justice to collaborate with four community-based organizations to provide reentry services to offenders. The program provides linkages between prisons and parole. Seven institutions, Avenal State Prison, Folsom State Prison, R.J Donovan, Pleasant Valley State Prison, CIW, Valley State Prison for Women (VSPW), and Central California Women's Facility, have worked with community organizations in Alameda, Sacramento, San Diego and Fresno Counties. The grant focuses on supporting U.S. Department of Labor grantees to gain pre-release access for recruitment of offenders and provide information to grantees to assist in service identification.

c. New collaborative partnerships with other governmental entities: This includes working with the U.S. Department of Veterans Affairs to coordinate delivery of services and resources for incarcerated veterans; participating in the CalTrans Clean California Litter Abatement Plan through inmate work crews; and working with the Department of Motor Vehicles to provide identification cards to offenders who are preparing to parole.

d. Faith-Based Programs: This includes a faith-based reentry pilot at CIW, which consists of a separate living unit on which inmates can volunteer to live; and Doing HIS Time Prison Ministries, Inc., who has offered to donate an interfaith chapel to be built on the grounds of VSPW.

Most of the efforts described above require extensive coordination with the Division of Adult Parole Operations (DAPO). For example, the grantees must work with regional parole staff to develop model referral protocols. In the PRI Program, the involvement of the Parole Placement and Planning staff is a critical component of the system design, and operational procedures outlining specific roles and responsibilities are in place. A major component of SB 618 is the delivery of post-release services; the parole agent is a member of the multidisciplinary planning team and participates in weekly joint county/state operational meetings.

There is work that needs to be done with parole as well as others in the provision of services for offenders in the community. At present, various CDCR organizational

entities purchase services and supports in the community for parolees. DAPO is the primary purchaser, although the female offender program similarly makes considerable purchases. The Department is considering options to integrate these purchases – as noted in the response to question #21.

In addition, Adult Programs is establishing seven regions, each with a regional community program administrator, to begin to establish formal reentry partnerships with local communities. As recommended by the Expert Panel, it is critical that CDCR and local communities establish formal agreements about roles and responsibilities for assisting parolee in reintegrating into their home communities. Regional administrators will work closely with each community to complete a full assessment of available services and supports (CDCR-purchased, state-funded, or community-based) and establish reentry partnership agreements. Adult Programs intends to build upon successful local community efforts and formalize the role of CDCR in the reentry process.

Board of Parole Hearings and Division of Adult Parole

The Board of Parole Hearings (BPH) frequently finds inmates serving indeterminate life terms not suitable for parole because the inmates have not received programming which the board believes the inmate needs prior to release.

26. ***Does the Division of Adult Programs make any effort to track parole suitability denials based on unavailability of program or insufficient time spent in program? Do you communicate with BPH about the type of programs board members believe inmates need to increase parole suitability?***

Adult Programs has not previously formally tracked parole suitability denials based on unavailability of program or insufficient time spent in program, or communicated with board members about programming. Several areas require more work in order to be adequately reflected in our case planning and management process and training approach. First, I have requested data on parole hearings so that we can get a better sense overall of parole suitability denials based on unavailability of program or insufficient time spent in program. Second, I have asked to review the program overview sheets for each institution that were requested by the undersecretary for the Division of Adult Operations, and the proposed program training modules for Commissioners. Adult Programs will provide assistance in making sure that these two aspects are in place.

Lastly, I have also met with the special assistant to executive officer at the Board of Parole Hearings (BPH) to share information about Adult Programs and the status of rehabilitative programming reforms. The BPH has agreed to provide information about

the type of programs board members believe inmates need to increase parole suitability. I anticipate using this information to identify additional program needs for inmates sentenced to life terms and in developing the training modules for Commissioners.

27. ***What is your role in creating and monitoring parolee programs? What changes, if any, have taken place in parole programs under your leadership?***

Adult Programs has not previously been involved in creating and monitoring parolee programs; however, I believe that we should be and steps have been taken to move in that direction. As noted in the response to question #21, services and supports are currently purchased by several organizational entities within CDCR, including parole, DARS, and the female offender program. An alternative model is necessary to enable purchasing of all services and supports in multiple settings, in prison, reentry facilities, and communities, through a comprehensive and uniform statewide approach. A single, coordinated approach would allow establishment of services determined through offender assessments to be the highest priority. It would also ensure the selection of appropriate and effective programs.

Pending establishment of an alternative model, Adult Programs, parole and the female offender program have established a process for review and sign-off on new service procurement documents and contracts for services. This interim process has created a mechanism to begin to coordinate a statewide, consistent approach to the purchase of services. Much more needs to be done and options are under consideration for integrating the purchase of programs.

Senate Rules Questionnaire
Marko Mlikotin, Cal-Expo Board of Directors

Statement of Goals

Q. What are your goals and objectives as a director of Cal-Expo? What do you hope to accomplish during your second term? How will you measure your success?

A. As you know, Cal-Expo receives no funding from the State's general fund. As such, its future and financial solvency is dependent on public-private partnerships. Moreover, only with new infrastructure and renovations of existing buildings and facilities can Cal-Expo be a profitable multi-seasonal entertainment facility. The success of this and future boards will dependent on their ability to attract new business, greater investments and sponsorships.

Sacramento Kings Arena

Q. What is the status of the joint effort to redevelop Cal Expo? How is the board being kept informed of progress?

A. As chairman of the board and a member of the executive committee, I have been most insistent that the board be kept informed of anything of substance. But more importantly, since Cal-Expo is a public asset, it is important the public be informed as well. Since the Letter of Understanding (LOU) was adopted by the board, I sent a memo (*) to the board explaining the general process, and how the board and its respective committees will be involved in considering any forthcoming conceptual plan for a mixed use development project, arena plan and fairgrounds, all of which will be discussed and considered during meetings open to the public.

(* see attached memo)

Horse Racing at Cal Expo

Q. What role should horse racing play at Cal Expo in the long term?

A. As acknowledged in the questionnaire, the future of racing in California is very uncertain. Cal-Expo's grand stand that once held over 15,000 thoroughbred horse racing spectators, now hosts 6,000 on an average, or less.

Just this year, the Sacramento Harness Association went out of business, saddling creditors with over $3.5 million in outstanding obligations, over $1 million of which is owed to Cal-Expo. As a result, Cal-Expo will have to defer capital improvements or take other actions to offset this large financial loss. Since Cal-Expo is not in a financial position to subsidize the racing industry's financial needs, the future of horse racing at Cal-Expo (or any other racing fair) is entirely

dependent on the racing industry's ability to compete in a very competitive wagering and entertainment industry.

Q. Do you think horse racing should be included in a joint redevelopment project with the NBA?

A. As of this date, Cal-Expo awaits a mixed use conceptual plan from the NBA that may or may not include the existing horse race track. As detailed in the LOU between the NBA and Cal-Expo, the NBA should introduce their conceptual plan before the 180 day negotiation period expires. If the NBA's plan does not include a race track in its mixed use plan, I am certain that there will be a spirited debate over what is the highest and best use for the race track property, and whether the NBA believes that they can finance the construction of a new Kings Arena and fair grounds with a race track.

Memorandum

Date: June 26, 2008

To: Board of Directors

From: Marko Mlikotin, Chair
Board of Directors

RE: NBA Proposal—Next Steps

Please be advised that the following memo contains information concerning some of the next steps in the arena discussions with the NBA during the term set forth in the Letter of Understanding (LOU). Please also be advised that in the interests of full disclosure, this information is also being made available to the public. Because it is for informational purposes only and that no action is either required or requested on behalf of the Board, please do not respond to this memo or discuss this item with any other board member. Please be informed that whenever Board action is either required or is desired, it will be done in compliance with applicable open meeting requirements. In the event you receive any inquiries concerning this memo or any other topic involving the proposed arena transaction, please refer all such inquiries be to the CEO, Norb Bartosik.

As part of the LOU, the Board approved a 180 day discussion period with the NBA in an attempt to develop, evaluate, and mutually agree on a plan for a new Cal Expo, Arena and mixed use project. This summary of next steps are being provided to identify for the Board the sequence of events that is expected to occur as progress is made towards a Definitive Agreement. Please be advised that this information is very preliminary and is subject to change as the project takes shape. The following information is generally being presented in the order that work is expected to occur, however, some work may occur on parallel tracks.

CONCEPTUAL PLAN

Staff is currently working with the design team hired by the NBA to develop an overall Conceptual Plan that is acceptable to Cal Expo. This plan will include sufficient space now and into the foreseeable future to conduct the annual State Fair and facilities which add value to the Fair and non Fair programs. Once staff is comfortable with the plan, the plan will be presented to the Board's Real Estate Committee, and sub-committees of the Executive Committee and Operations Committee.

Following comments by the Committees, staff will present the Conceptual Plan to the public, Cal Expo vendors and business partners for comments. The plan will then be presented to the full Board for its review and consideration of approval. The public will have another opportunity to make comments before action is taken by the Board. It's anticipated that there may also be a level of review by the city of Sacramento.

Work during this phase may also include an examination and evaluation of available entitlements, cost estimates, governance structure, and various means of financing the proposed project and what potential venues and revenue can be drawn from a new Cal Expo facility. Entitlements in this case would include approval from the city of Sacramento and other regulatory bodies for building permits, infrastructure requirements and zoning changes that would be required, etc., for the portion of the property that would be developed for private or commercial use.

Further, in connection with the development of the Conceptual Plan, Cal Expo and the NBA will seek appropriate assistance from local, state, and federal governments for the project's financing, transportation and infrastructure needs.

ECONOMIC ANALYSIS

Although it's anticipated that an economic analysis will be done by the NBA on the Conceptual Plan, the Board has directed staff to retain consultants for its own economic analysis prior to the selection of a developer to evaluate the project with and without an Arena. The scope of the economic analysis will be considered by the sub-committee of the Executive Committee and the Finance Committee, and approved by the Board. The analysis of the plan with an Arena would look at the economic impact on Cal Expo from the Arena and mixed use project, and determine the amount of compensation due to Cal Expo in the form of rent and capital improvements in exchange for a long term ground lease for development. A similar analysis would be done to determine the value of the mixed use project without the Arena and look at highest and best use. A copy of the economic analysis will be presented to the Board for its review and approval. Staff is beginning work on the RFP in the event that there's agreement on the Conceptual Plan.

REQUEST FOR QUALIFICATIONS/REQUEST FOR PROPOSAL (RFP/RFQ)

Only upon approval of the Conceptual Plan and supporting economic analysis by the Board of Directors, shall Cal Expo and the NBA work cooperatively to submit to qualified developers a RFQ/RFP for the development of the proposed project. The RFQ/RFP will be approved by the Board before it's released to the development community. The process of selecting a developer, which also will require the Board's approval, may lead to a vision by the developer of a Conceptual Plan different than the plan agreed to by the NBA and Cal Expo. Any changes to the Conceptual Plan will require the Board's approval. Moreover, any additional costs associated with evaluating the revisions to the Conceptual Plan will need to be paid for by the developer.

July 11, 2008

The Honorable Don Perata
Chairman
Senate Rules Committee
State Capitol, Room 420
Sacramento, CA 95814

Dear Senator Perata:

After my initial 4 year term, I appreciate this request to evaluate and share with you my goals for what I hope to be my continued tenure as a board member for the California Exposition and State Fair (Cal Expo).

As we begin each of our meetings, and as I began my first tenure, I restate for you the mission statement for Cal Expo:

> ***"Create a California Experience reflecting the interest and diversity of its people, industries, products and trends shaping its future."***

I do this to remind myself that personal agendas have no place on this board, and that if we can achieve this mission, we have done our job to set good policies to protect the integrity of what, I believe, to be the cornerstone of agricultural education, cultural diversity and future industries of the State of California.

You have also posed four additional questions, which I believe speak to the future of Cal Expo, and I wish to address all four together. Because, I believe that the issues you raise are intertwined and cannot be viewed individually. With this said, I also wish to state that the Board of Cal Expo is dedicated to being transparent, thorough and take our responsibility to the people of California, seriously.

In evaluating the facilities at Cal Expo, it is necessary to determine, status quo and future needs.

- The staff provides us with all of the appropriate financial information to determine the fiscal integrity of our operations on a regular basis.
- These include detailed budget comparisons with monthly profit and loss summaries; balance sheets; cash flow analysis and regular updates of all receivables and payables according to the Board approved Policy and Procedures Manual. This information is reviewed publicly at our regular monthly meetings.
- We also look to the staff to provide us with detailed monthly reports on the progress of the departmental work of each fair program that is presented for the public to participate in annually.

Cal Expo intends to race a mixed breed/thoroughbred meet for the first time after a three year absence during the 2008 State Fair. The success of the race meet will present many answers to the future of racing for Cal Expo; however the racing industry needs to support this and any significant efforts to continue racing in Sacramento.

Currently, the industry focus is on Pleasanton and the Bay Area tracks. Funding is a significant factor for the future of all racing not only at Cal Expo, but all racing fairs.

Cal Expo is in the racing business and can remain there if the racing industry supports plans for a committed investment for extended race meets at our facility. Without the support of the racing industry the economics to invest $15 to $20 million dollars, show little or no return for the investment.

The State Fair competes with other fairs both regionally and internationally to showcase their work and is honored annually by their trade associations with numerous awards of excellence. We have the ability to showcase an incredible event that each year highlights the Best of California in an entertaining and educational exposition.

What we lack is the ability to continue to maintain and make progress with an aging infrastructure and a growing list of major and deferred maintenance projects that now exceed $40 million dollars collectively.

Therefore, this board has endeavored to investigate new options which have been brought to us by the National Basketball Association (NBA). Attached is the most current memo (attachment A) dated June 26, 2008 distributed to the public and to the board from Chair Mlikotin and the real estate committee. Each step is also to be transparent and open to comments from the people of California. Each step is and will be evaluated.

The expertise on this board, the highly capable staff of Cal Expo, the diversity of the Bingham Consulting Group, and of the people of California, insure that we ask the correct questions and request all the information necessary to insure the future of Cal Expo. This is our "due diligence" and we will take the time to complete our task.

I appreciate this opportunity to provide you with this information, and hope that you feel the future of "Big Fun" is secure in our hands.

Sincerely,

Kathleen K. Nakase

Enclosures
Attachment A
Form 700

Attachment A

Memorandum

Date: June 26, 2008

To: Board of Directors

From: Marko Mlikotin, Chair
Board of Directors

RE: NBA Proposal—Next Steps

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Following comments by the Committees, staff will present the Conceptual Plan to the public, Cal Expo vendors and business partners for comments. The plan will then be presented to the full Board for its review and consideration of approval. The public will have another opportunity to make comments before action is taken by the Board. It's anticipated that there may also be a level of review by the city of Sacramento.

Work during this phase may also include an examination and evaluation of available entitlements, cost estimates, governance structure, and various means of financing the proposed project and what potential venues and revenue can be drawn from a new Cal Expo facility. Entitlements in this case would include approval from the city of Sacramento and other regulatory bodies for building permits, infrastructure requirements and zoning changes that would be required, etc., for the portion of the property that would be developed for private or commercial use.

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ECONOMIC ANALYSIS

Although it's anticipated that an economic analysis will be done by the NBA on the Conceptual Plan, the Board has directed staff to retain consultants for its own economic analysis prior to the selection of a developer to evaluate the project with and without an Arena. The scope of the economic analysis will be considered by the sub-committee of the Executive Committee and the Finance Committee, and approved by the Board. The analysis of the plan with an Arena would look at the economic impact on Cal Expo from the Arena and mixed use project, and determine the amount of compensation due to Cal Expo in the form of rent and capital improvements in exchange for a long term ground lease for development. A similar analysis would be done to determine the value of the mixed use project without the Arena and look at highest and best use. A copy of the economic analysis will be presented to the Board for its review and approval. Staff is beginning work on the RFP in the event that there's agreement on the Conceptual Plan.

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DEFINITIVE AGREEMENT

If during the discussion period, Cal Expo and the NBA each independently reach a determination that the proposed project is in each party's best interest, then both parties will work towards entering into a Definitive Agreement. The agreement would include, but not be limited to, such terms and conditions as Definition of the Premises, Governance, Sponsorships, Term, Compensation, Payment Schedule, Operating Guidelines, Entitlements, Non-Compete Clauses, Parking, Utilities, Insurance, Change in Ownership, Termination, Indemnification, Dispute Resolution, etc. The Definitive Agreement will require the approval of the Board and the Department of General Services.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

CEQA applies to the Arena Project. In order to comply with the requirements of CEQA, an Environmental Impact Report (EIR) will need to be prepared, circulated for public review, and approved by the Board.

Cal Expo will be the lead agency in the CEQA process. The lead agency is the public agency that has the primary responsibility for approving the project that may have a significant impact on the environment. Generally, the developer of the project would be required to reimburse the public agency (in this case, Cal Expo) for the cost of preparing the EIR.

In general, the CEQA process works as follows:

Consultants hired by Cal Expo would prepare an Initial Study which serves as a preliminary tool to identify potential environmental effects. A Notice of Preparation is sent to other public agencies so that these public agencies can describe the scope and content of the environmental information they expect to see included in the Draft EIR. The EIR is drafted and made available for a public review period. Public comments are received, evaluated and responded to. Consideration and approval of the final EIR is given by the Board. The Board, in approving the final EIR, adopts findings that in the Board's opinion, reduces, mitigates, or avoids significant environmental impacts of the proposed project. The Board is then free to approve the project. A Final Notice of Determination is filed with the state Office of Planning and Research. Work cannot start on the project until the period of time for the public to challenge the findings in court has passed.

ESTIMATED COSTS

Other than retaining the Bingham Consulting Group and the investment of considerable staff time, Cal Expo has not committed substantial financial resources in the discussions leading up to the development and evaluation of the Conceptual Plan for the project. Nevertheless, if the parties do agree on the fundamental requirements of the Conceptual Plan and the Board approves the Conceptual Plan, it will be necessary for Cal Expo to commit substantial financial and other resources in proceeding with the remainder of the Arena Project evaluation process. At a future Board meeting, either as a separate agenda item or in conjunction with the decision to either approve or disapprove the Conceptual Plan, the Board will need to consider the issues involving the expenditures necessary to properly evaluate the Arena Project and to what extent, if any, these expenditures may be reimbursable.

At the Board's May 21, 2008 meeting, John Moag stated that the RFQ/RFP to select a developer for the project should require that the winning developer be required to reimburse Cal Expo for its costs leading to a Definitive Agreement. We are proceeding at this time with this understanding in mind.

However, in the event that Cal Expo is unable to come to an agreement with the NBA and/or the developer, we should be mindful that Cal Expo will bear the burden of its own expenses. It is the cost that may be necessary in order for Cal Expo to satisfy it's independent duty of due diligence in evaluating the cost/benefit analysis of proceeding with the proposed Arena Project.

Responses
For the Senate Rules Committee

Statement of Goals
Q: 1. what are your goals and objectives as a director of Cal Expo?
As a director of Cal Expo my goals and objectives are to be the liaison of our community but emphasis on the Latino Community and our agency. Be one of the individuals that can help grow the revenue of the agency and the image of who and what we are through networking an showcasing our marketable space and the easiness and convenient usage of our property for their needs. In comparison to other venues During the summer and the California Exposition and State Fair be able to move visitors' to our grounds and educate them on what our state has to offer. Our state is made up of a very diverse group of people. By showcasing their contribution and uniqueness everyone will learn. Because of our agricultural elements it behooves us to lead in education in a BIG fun and hands on environment. Since we are an agricultural state it is important to showcase, especially to our youth, what we grow. (And that milk and vegetables do not just come from the refrigerator)

Sacramento Kings Arena
Q: 2. what is the status of the joint effort to redevelop Cal Expo? How is the Board being kept informed of the progress?

A: Background:
The Board of Directors meet regularly (monthly) in a public forum to carry out its agendized business; and, the subject of the NBA Arena was brought forward under New Business at the meeting held on September 28, 2007.

At this meeting, a request was made by Moag & Company to open negotiations with Cal Expo on providing for a new NBA Arena and further development of the property, etc.

After a public presentation by Mr. Moag, the board entertained public comments; comments from various Board members and ex-officio member Assembly member Dave Jones.

At this point in time, a motion was put forward to have the Board of Directors authorize the "Real Estate Committee" (a sub-committee of the Board) and "staff" to enter into discussions with the NBA concerning a proposal to construct a new arena and for the redevelopment of Cal Expo facilities. Motion carried unanimously.

Next, a motion was put forward for the Board to authorize the Executive Committee of the Board to contract with any necessary consultants should parties desire to move forward with negotiating an agreement. The process established by this action requires the Real Estate and Executive Committees to provide periodic status updates to the Board, and if appropriate, submit to the board for consideration of approval an Agreement between the NBA and Cal Expo. Motion carried unanimously.

As noted, an L.O.U was signed to explore this joint development. The current status is that Cal Expo management is meeting with the design team assembled by the NBA to bring back a concept master-plan for the Real Estate Committee to review and then present to the Executive Committee; and, if it meets their approval then the full Board of Directors will review this concept at a public meeting.

To respond to the second part of the question, there has been no progress report made to the Board of Directors to date. It is generally understood that both parties are in the process of providing additional background information and that "due diligence" is in progress for each party to bring further information to the other for discussion. The design team has visited the San Diego County Fair and has plans to visit the California State Fair. After this visit, the teams will present to the Board Committees as noted above, to move this project.

Horse Racing At Cal Expo
Q: 3. what role should horse racing play at Cal Expo in the long term?

Cal Expo has the facilities to conduct horse racing in the future. If extended racing meets are part of the future of this track, then several significant upgrades will be required to operate in a fashion as deemed acceptable to the California Horse Racing Board; and, to meet future water quality standards for storm run-off.

Simply put, Cal Expo is in the racing business and can remain there if the racing industry supports plans for a committed investment for extended race meets at our facility.
Without the support of the racing industry the economics to invest $15 to $20 million dollars, show little or no return for the investment.

4. Do you think horse racing should be included in a joint redevelopment project with the NBA?

Cal Expo intends to race a mixed breed/thoroughbred meet for the first time after a three year absence during the 2008 State Fair. The success of the race meet will present many answers to the future of racing for Cal Expo; however the racing industry needs to support this and any significant efforts to continue racing in Sacramento. Currently, the focus is on Pleasanton and the Bay Area tracks. Funding is a significant factor for the future of all racing not only at Cal Expo, but all racing fairs.

State Fair
Q: 5. how do you evaluate the success of the State Fair? Do you have the tools you need for this evaluation?

These complex questions can be answered in a multitude of responses. One, the staff provides us with all of the appropriate financial information to determine the fiscal integrity of our operations on a regular basis. These include detailed budget comparisons with monthly profit and loss summaries; balance sheets; cash flow analysis and regular updates of all receivables and payables according to the Board approved Policy and Procedures Manual. This information is reviewed publicly at our regular monthly meetings.

Second, we also look to the staff to provide us with detailed monthly reports on the progress of the departmental work of each fair program that is presented for the public to participate in annually.

The State Fair competes with other fairs both regionally and internationally to showcase their work and is honored annually by their trade associations with numerous awards of excellence. Therefore, from a practical standpoint we have these tools to help us.

We have the ability to showcase an incredible event that each year highlights the Best of California in an entertaining and educational exposition.
What we lack is the ability to continue to maintain and make progress with an aging infrastructure and a growing list of major and deferred maintenance projects that now exceed $40 million dollars collectively.

California State University
SAN MARCOS

Special Assistant to the Chancellor, The California State University

California State University San Marcos *San Marcos, California 92096-0001 USA*
Tel: 760-750-4100 *Fax: 760-750-4033*

Senate Rules Committee

MAY 30 2008

Appointments

May 27, 2008

Senator Don Perata
Chairman, Senate Rules Committee
c/o Nettie Sabelhans
Appointments Director
Senate Rules Committee, Room 420
Sacramento, CA 95814-4900

Dear Senator Perata:

This is in response to your letter of 5 May 2008. Please let me know if you need any additional information from me about the important work of the California Student Aid Commission:

1. Brief statement of my goals as a new member of the California Student Aid Commission:

   As a longtime advocate for insuring that all Californians have the right and the opportunity to earn a college degree, I look forward to serving on the California Student Aid Commission. Making a college education financially possible to all Californians, which is the basic mission of CSAC, needs to be a top priority concern of all Californians.

   I am hopeful that my background and experience will prove to be beneficial to the work of the Commission. Fostering educational access and insuring that a college education is affordable for every Californian I consider to be one of the highest priority concerns that we face today in California and in American society as a whole.

2. Brief assessment of the challenges that face California's student aid systems and what recommendations do I have to improve the systems:

   Although I do not have a full and complete picture of the total situation, my initial assessment is that insuring student and institutional access to the Cal Grant Delivery Systems that we have must be maintained and assured:

   - A top priority concern, in this regard, is that although the Legislature provided the funding support and authority last year to improve the information technology portions of the Grant Delivery System so students could submit and

obtain the grant information they needed, budget reductions this year have seriously impacted the ability of CSAC to follow through and maintain the new improved systems. To make matters worse the difficulties surrounding the sale of EdFund have compounded the problem because of the uncertainties surrounding the work schedules of key EdFund staff.

- Commission grant programs that allow students and institutions to update and access information easily and in timely fashion need to be strongly supported and given a high priority.
- The Commission recently implemented an Integrated Voice Response system (IVB) to its call center that allows callers to access information regarding Cal Grants and other financial aid programs. This important positive effort needs to be maintained and strongly supported.

Other challenges that the Commission faces involve outreach efforts:

- A top priority concern is the lack of funds for its outreach activities. In the past, the Commission was able to use funds from its Student Loan Operating Fund—that is, funds generated by Commission activities in the operation of the Federal Family Education Loan Program. With those funds the Commission was able to develop and implement a comprehensive public information and outreach campaign. In a related effort, it was also able to implement its California Cash for College Program...a partnership effort with regional partners and hundreds of schools, colleges, universities and county organizations who joined in an effort to assist low income first generation college goers to successfully apply and receive state and federal financial aid. That was terminated with the elimination of the Student Loan Operating Fund as a funding source.
- In 2007, the Commission was authorized under AB1540 to accept contributions—cash and in-kind—to underwrite its California Cash for College program. The challenge it faces involves how to implement this new AB1540 effort and also continue to expand its California Cash for College program.

And lastly I would note the following as additional matters of operational concern which CSAC faces:

- The need to streamline and simplify the Free Application for Federal Student Aid (FAFSA) program. This will require working with the U.S. Department of Education to effect the changes needed.
- Linking Cal Grant and other special purpose loan programs (APLE, SNAPLE, etc.) to the FAFSA website. CSAC staff are working with Ed. Dept. staff to address this.
- Continuing efforts to enhance the Commission's web tools to better serve students—to streamline the grant delivery process. One excellent example is by moving to an electronic submittal of student grade point average information.

3. A majority of Commission members of CSAC have served for less than two years. What is the Commission doing to inform and educate new members regarding items which come before the Commission and, in general, issues affecting student financial aid?

Insuring that new Commissioners are well informed and provided with the information they need to function effectively in their roles as Commissioners is a top priority concern of the Director and her staff. The Commission has an extensive set of base policies in place that are designed to provide all Commissioners (and especially new ones such as myself) with the basic background and in depth policy analysis of the issues before the Board.

New Commissioners are provided with detailed CSAC background, governance policy process information as well as extensive strategic planning and assessment information about the specifics of the issues before the Commission. In short, the Commission has adopted appropriate basic policies that guide all of its governance, strategic planning, and basic administrative operations.

4. Should the Commission be advocating for a statewide fee policy? If so, what are the elements of such a policy?

No. The Commission does not advocate for bills beyond those related to financial aid which I agree is appropriate.

5. Is the Commission informing itself about the rising costs of attending college in California, especially the growth of non-fee related expenses? If so, can the Commission act to address non-fee related expenses? How?

Yes, the Commission is informing itself about the high cost of attending college. Specifically the Commission, in collaboration with all five segments of higher education, administers the Student Expense and Resources Survey (SEARS) triannually to gather data on the actual expenses and financial status of California college students. It is administered to approximately 70,000 college students attending California community colleges, the University of California, the California State University or one of the state's independent or private colleges.

Prior to administering the survey the SEARS advisory committee meets to evaluate whether the questionnaire has appropriately accommodated the changing needs of all current students. Data from SEARS are used to produce expense budget information which provides the basic student budget baseline information; i.e. room and board, transportation, books and supplies, course material fees, computer related expenses, etc. When the review shows that students have additional expenses those are incorporated into the SEARS data baseline used.

Commission staff are currently reviewing the SEARS process and the assessment information gathered to determine its continued viability and to make any upgrades

and improvements needed in the SEARS process.

6. How does the Commission determine the student allowance for book, supplies, and other living expenses associated with attending college, and does the allowance take into account the different costs of living in various parts of the state?

   The Commission determines the student cost for books, supplies and other living expenses associated with attending college by data from their triannual SEARS survey to calculate the average Nine-Month Student Budgets for students living on-campus, those living off-campus and those living with parents.

   In non-survey years, the Nine-Months Student Expense Budget information is adjusted using the California Price Indices proposed by the Department of Finance.

   However, it is important to note that colleges are not required to use the Nine-Month Student Expense Budget baseline established by the Commission. Instead, colleges are permitted to submit their own campus specific budget requests each year if they determine that those more accurately reflect the actual student expenses in their geographic area.

7. As the credit crunch pushes lenders to stop issuing loans, does CSAC have an advocacy role to ensure that federally guaranteed student loans will be available to students and their families for the fall 2008 semester?

   Yes, within the following framework:

   A. Federal law guarantees the availability of a Federal Family Education Loan (FFEL) to eligible students. A student, who is otherwise eligible for a Stafford Loan and who after receiving two rejections, has been unable to find a FFEL lender willing to make such a loan is eligible for a guaranteed student loan issued under the lender-of-last-resort (LLR) program.
   B. Every state student loan guaranty agency, such as the Commission, must either designate an eligible lender to serve as an LLR or must itself serve in that capacity. The guaranty agency must develop policies and operating procedures for its LLR program that provide for the accessibility of LLR loans.
   C. The Commission, through its auxiliary, EdFund, has an LLR program in place.
   D. In response to the credit crunch, the United States Department of Education has asked all state student loan guarantee agencies to provide an updated and complete statement of their LLR policies and procedures by May 16, 2008.
   E. The first choice for an LLR process is to secure lenders who are willing to serve as lenders of last resort. Because guarantee agencies have very limited capacity to use their own funds in making LLR loans, they will need to rely on federal advance funds if lenders are unwilling to participate as lenders of last resort. If a guarantee agency advises the Secretary that it has been unable to find a lender or lenders to act in the lender of last resort capacity, the Secretary will

make federal advances available to the guarantee agency consistent with its authority, in order to make such loans.

F. The Commission, in conjunction with its auxiliary, EdFund, is complying with all directives related to the LLR program issued by the United States Department of Education.

G. The Governor's May Revision has indicated that legislation is necessary to remove potential statutory conflict that may affect the Commission's ability to act as a LLR in response to the crisis in the student lending markets. The Governor proposes that this legislation should be part of a "trailer bill", i.e., bills proposing statutory changes that accompany the actual budget bill.

H. To enable the Commission to fulfill its LLR obligations, I am confident that the Commission would support the Governor's proposal for legislation to remove the potential statutory conflict,

8. <u>What are the Commission's plans if banks continue to drop out of the federal program? Has the Commission been engaging colleges and universities in this issue?</u>

The Commission's basic strategy and plans, if banks continue to drop out of the federal program, are pretty well outlined in the previous response to question seven. Federal law requires the state designate an eligible lender to serve as an LLR (Lender of Last Resort) or must itself serve in that capacity. As noted previously CSAC has done so—it has a Lender of Last Resort (LLR) program in place through its auxiliary, EdFund.

It is important to note also that the Commission, through its auxiliary, EdFund, sent letters to all California institutions in April assuring them that CSAC is committed to continuing to provide quality services to all California colleges and their students. And that CSAC remains committed to helping all eligible borrowers secure the loans they need to attend the college or university of their choice.

9. <u>Through its financial aid outreach programs, is the Commission able to provide student borrowers with substantive information and loan counseling before they enter into private loan agreements? If so, please describe.</u>

Yes, the Commission does indeed provide student borrowers with substantive information and loan counseling before the students enter into loan agreements. They do so through their outreach work with EdFund its auxiliary. The publication produced jointly by the Commission and EdFund entitled "Fund Your Future" is the publication most used by California students to learn about all available financial aid programs, their requirements, and how they can apply for State as well as federal financial aid programs—including applications for the possible private loans they may apply for.

10. <u>What is the Commission doing to encourage community college students to take full advantage of financial aid resources available to them? Should other steps be taken?</u>

    A. CSAC is doing a great deal. In 2006-07, thirty five percent of the 64,114 Cal Grant Entitlement Awards made in California were offered to students attending California Community Colleges.
    B. And also in 2006-07, 73% of the Cal Grant Competitive Awards were offered to California community college students. The success of these efforts is the result of the important joint partnering efforts between the community colleges and the CSAC. The "I Can Afford College" campaign is probably the most highly regarded outreach effort in that regard.
    C. In summary, the Commission has very directly reached out to community colleges students. These targeted activities include:

        - A specific Cal Grant messaging outreach effort sent to all community college students emphasizing the Sept. 2 deadline for the Cal Grant applications. This direct messaging application is annually reviewed and approved by the California Community College Chancellor's Office.
        - Preparation and dissemination of a year round messaging poster targeting community college students which provides information about the "I Can Afford College" campaign.
        - Advertising through public transit systems which specifically target low-income at risk student populations. These are year round efforts.
        - Each year, through its California Cash for College workshops, CSAC contacts all students who attended workshops but who did not complete the Cal Grant application process. These students are urged to contact a California community college in their area and to visit the "I Can Afford College" website.
        - CSAC staff participate in community college foster youth program events to provide Cal Grant and Chafee Program information to eligible foster youth.

    D. Beyond the activities noted I do not know of any additional actions that CSAC could take. Their efforts in this area are impressive.

11. <u>What is the Commission doing to influence the development of federal financial aid policies under review in Congress that have a direct impact on California students?</u>

    While the Commission does not have a Washington, DC office, it has, in the past, sought to influence the development of federal financial aid policies by doing the following:

    A. Worked with the Administration, through the Office of the Secretary of Education and, at times, the Department of Finance, to identify significant

federal financial aid issues affecting both grants and loans and to provide information to federal agencies and to the Congress.

B. After informing the Administration, to insure that there would be no objection, CSAC testified at a Congressional hearing held in California regarding higher education financial aid issues.

C. Provided information to the Legislature, on financial aid policies the Commission considered significant, to enable the Legislature to advocate on California's behalf when Legislative members go to Washington, DC on their annual visit.

D. The Commission has authorized its auxiliary organization, EdFund, to monitor federal issues relating to the loan program. And Commission staff, through its Federal Policy and Programs Division, also keeps track of federal loan program issues and coordinates with EdFund staff to ensure California interests are being addressed by the United States Department of Education.

12. How does the Commission prioritize its outreach activities to reach the lowest income students in the state? How does the Commission reach out to non-English speaking communities?

A. Over the past three years, the Commission has worked closely with the UC ACCORD research center to develop a weighted methodology to target Commission outreach efforts, including media buys, direct mail, outreach tutorial and financial aid workshop offerings.

B. The methodology uses factors to identify high schools in areas with high percentages of low-income students as well as other key factors of student need that can improve student access to education beyond high school. These include:

- The most heavily weighted factor which is family income.
- Additional factors which include; concentration of poverty in the student's high school area, parent educational level, and school factors such as high-school-counselor-to-student ratios, high school graduation rates, a school's Cal Grant application rate, and the school's Cal Grant student aid GPA submission method.

C. Large, medium, and small schools are included in the overall list of more than 300 schools.

D. In addition, the Commission also administers the Student Opportunity and Access Program (Cal-SOAP), which by statute, requires that Cal-SOAP projects be designed "to increase the accessibility of postsecondary educational opportunities for any of the following elementary and secondary school students: (1) Students who are from low-income families. (2) Students who would be the first in their families to attend college. (3) Students who are from

schools or geographic regions with documented low-eligibility or college participation rates." (Education Code section 69561(b).)

E. The Commission currently funds 15 Cal-SOAP projects or consortia throughout the state.

F. The Commission reaches out to non-English speaking communities through various approaches—through print, TV partnerships, radio and local grassroots outreach, etc.

G. The Commission's student-friendly website, www.calgrants.org is available in Spanish. Students and families learn about the application process, the Cal Grant and other financial aid programs, and where to find a California Cash for College workshop nearest to them. In addition, the CSAC program Fund Your Future has developed student aid materials in Spanish, Vietnamese, Chinese, Korean, Hmong, Tagalog, Russian, and Armenian.

H. In past years, the CSAC Cal Grant public awareness campaign aired radio and cable TV ads in Spanish for the duration of the two month campaign leading up to the Cal Grant deadline. In 2008, the campaign's efforts generated 155 placements in Spanish-language outlets, including 40 broadcast and 70 print stories. Additional ethnic coverage included news stories in other ethnic daily newspapers in the major Los Angeles and San Diego markets.

I. And over the past three years, the Commission has partnered with Univision 34's successful *A Su Lado* program and the California Cash For College program to offer a six-hour evening telethon to reach families in the greater Los Angeles area who would otherwise not have learned about the availability of student financial aid. Each year, approximately 2,500 students and their families are provided direct face to face assistance in this one event and are directed to a California Cash For College workshop for personalized assistance with the financial aid application process.

J. California Cash For College workshops provide multi-lingual, line-by-line assistance workshops which are offered in ninety percent of California counties.

K. In 2008, California Cash For College workshop presentations were made available in Spanish, Vietnamese, Hmong, Chinese, Korean, and Tagalog. Each workshop provided specific language assistance to meet the needs of the local communities. In 2008, 35 percent of students responding to an exit survey at the workshops identified Spanish as their primary home language. Another 9 percent indicated other primary languages were spoken at home.

L. For students who do not qualify for state or federal financial aid, California Cash For College workshops offer additional information, or separate workshop sessions, to assist potentially eligible AB 540 students and their parents learn about tuition costs and scholarships. AB 540 added Education Code section 68130.5 which can assist undocumented students to qualify for in-state tuition scholarship support at California Community Colleges and California State University institutions if they meet certain requirements.

M. Through the California Cash For College program the Commission in collaboration with local schools reaches out though diverse media outlets to

non-English speaking communities. Specifically through talk shows (Vietnamese media) and press conferences also specifically targeting Asian language media.

N. Most Cal-SOAP projects employ bi-lingual staff or use local volunteers from the member institutions, who speak the predominant non-English language of the region. They develop bi-lingual materials and provide community workshops and parent counseling in Spanish and other languages.

O. The Commission administers the federal Gaining Early Awareness Scholarshare Trust (GEAR UP) awards in partnership with the California Department of Education. Cal Grant and other financial aid information is provided to low-income middle school students to prepare them for higher education. The Commission continues to communicate with these students up to their enrollment in college and during their first year in college.

P. The Commission administers the California Chafee Foster Youth Program for the California Department of Social Services. Staff participate in various foster youth events where they present information on the Chafee Program as well as the Cal Grant college assistant program. Compared to all other students, this population of students has more financial need and the lowest income levels.

13. Are you satisfied with how the Commission helps families complete the Free Application for Federal Aid to increase access to financial aid? Should more be done?

Although it is certainly possible that CSAC could find additional ways to help families complete the Free Application for Federal Aid in order to increase their access to financial aid, what the Commission is doing is very positive and appropriate. The following CSAC programs and activities are the principal reasons why I believe that to be the case:

A. The California Cash For College program which is specifically designed to assist low-income and first-generation college-bound students and their families successfully apply for state and federal financial aid.

B. In a related effort, over the past three years, the California Cash For College program has, through its partnership with the College Access Foundation of California, offered incentive scholarships which encourage students to attend a workshop and to apply for a Cal Grant by the March 2 deadline. Each year, more than half of the students who returned their evaluations, and 64 percent of respondents this year, said this scholarship program made a positive difference in their attendance at the workshop and their decisions to apply.

C. Cal-SOAP consortia also participate in the California Cash For College program which includes services to parents, financial aid workshops, loan counseling, and college admissions workshops.

14. What is the Commission doing to develop outreach programs that increase participation in the Cal Grant community college transfer entitlement program?

A. In 2006-07, 4386 California Community College Transfer Cal Grant Entitlement Awards were offered. Preliminary awards to 8,810 students were offered. Of those students offered

preliminary awards, 72% or 6730 returned the forms required to certify graduation from high school, residency, and other information. Of those 6730, 3344 did not qualify for the final award, but 4386 students were offered Cal Grant awards.

B. Cal-SOAP also supports and promotes all levels of educational attainment beyond high school, including, career technical programs to community college and to four year universities. Many Cal-SOAP consortia offer mentoring and informational services to community college transfer students and transfer entitlement grants. Often these consortia work with local community college transfer offices in providing these services.

15. Briefly describe any outstanding transitional issues related to the sale of EdFund and how the Commission is addressing these issues.

In preparation for the sale of EdFund and EdFund's move to new facilities, Commission staff took the following actions to mitigate the impact on Cal Grant services to students, staff, and schools:

A. The Grant Delivery System was moved to the state data center for hosting. CSAC continued to provide basic in-house system maintenance and support.
B. The microwave network link to the Commission's Headquarters (HQ) building has been moved from the EdFund building to the Commission's South building. This insures network connectivity for the HQ building after EdFund moves to Mather Field in July.
C. Replacement phone systems have been ordered and will be installed in June.
D. The Interactive Voice Response system will be moved to the Data Center by the end of May.
E. The existing security badge system is being moved from EdFund to the Commission in June.

With the announced postponement of the sale of EdFund until fiscal year 2009-10, many of the remaining transition issues have been postponed along with the sale, such as the establishment of the business and technology services within the Commission which are currently provided by EdFund. These functions will require additional resources, including staff and equipment. The Commission staff will submit a 2009-10 Budget Change Proposal to request the required additional resources.

The Commission will also consider the approval of an amendment to the Operating Agreement between the Commission and EdFund to extend the agreement through June 30, 2009. This extension will allow for the continued level of service EdFund currently provides to the Commission through the next fiscal year.

The proposed 10 percent budget reduction for 2008-09, the proposed sale of EdFund and the elimination of associated civil services positions, forced Commission management to submit layoff plans to the Department of Personnel Administration (DPA). The following are the specific actions the Commission has taken:

A. With DPA's approval of the layoff plans, Commission employees with the lowest seniority in the affected classifications were notified that their employment with the Commission was in jeopardy. These employees were placed on a list that provides them enhanced interviewing rights with other state agencies that are hiring new staff. The affected employees include Commission civil service employees assigned to the Commission and to EdFund.
B. Many of the Commission's more recently hired employees, who were hired due to their knowledge and skills in financial aid, have been hired away by other agencies. The loss of

these talented employees will affect the Commission's service to students and schools. However, Commission management has begun taking steps to mitigate any reduction in services.

C. The postponement of the sale should allow civil services employees assigned to EdFund to retain their positions within EdFund, and should provide some relief to the layoff situation.

The Commission is scheduled to move to a new facility in 2008-09. Unfortunately, the approval to move was received late resulting in the Commission having to move twice. Most of the Commission staff will move back to the South building prior to August, when the HQ building lease expires. However, the South building cannot accommodate all Commission staff, so the Commission has asked the Department of General Services to pursue a sublease with the new tenants in the HQ building for the space it needs for the remaining Commission staff. The new tenant has indicated a willingness to sublease to the Commission. In addition:

A. Commission staff has identified two new sites within 1.5 miles of its current location and has asked the Department of General Services to begin lease discussions with representatives from both sites.

B. To accomplish this, the Governor's May Revision proposes a redirection of the $1.8 million identified for the transition of services due to the sale of EdFund to cover the Commission's relocation costs.

Those, then are the transitional issues the Commission has had to address. I believe they have handled these transitional matters appropriately—however, it is true that addressing these issues has not been easy.

I hope the preceding provides the information you requested. Please let me know if you need any additional information from me.

Cordially,

Tomás A. Arciniega
Commissioner
California Student Aid Commission

Goals

1. *Please provide a brief statement of goals that you hope to accomplish while serving on CSAC.*

The mission of the California Student Aid Commission is to make education beyond high school financially accessible to all Californians. By statute, CSAC is responsible for ensuring the effective and efficient administration of state and federal authorized financial aid as well as providing leadership on financial aid issues and making public policy recommendations regarding financial aid programs. As a commissioner, I am committed to working collaboratively with fellow commissioners, CSAC staff, the Legislature, Administration, and all other stakeholders to ensure the success of CSAC programs. I am particularly interested in the following goals:

Expansion and enhancement of outreach services: While the student aid commission has accomplished a great deal in this area, there is substantial work to be accomplished. Many students and their parents, especially underserved students, are unaware of the availability of financial aid. Public awareness campaigns and workshops to promote financial aid literacy remain crucial to the commission's goal of delivering our products and services. Programs such as Gear Up, Cal-SOAP projects, Cash for College, and I Can Afford College require on-going support and promotion to effectively serve all Californians.

Expansion of collaborative work: The opportunity to build coalitions and partnerships with public and private members of the educational community is very real and immediate. For example, AB 1540 will allow the commission to partner with public and private entities to accept cash donations, contributions and in-kind support for the Cash for College program. Effective structuring of these partnerships will be an opportunity for CSAC to build credibility, trust, and strong relationships with our stakeholders. Another focus in collaborative work is the strengthening of CSAC's relationship with financial aid associations, institutional financial aid representatives, student organizations, outreach professionals, and various agencies. I look forward to working within the advisory committee structure of CSAC to improve communication and policy building that enhances the Commission's ability to accomplish its mission.

Increase California's investment in post-secondary education: CSAC must continue to be a leader in advocating for secure funding for its programs and services. The economic well-being of the State depends on a well-educated workforce. A goal of financial aid should always be to move students from "drawing from the tax base" to "contributing to the tax base." In short, the promotion of "school to work" is crucial. I believe that a renewed commitment to career technical education (including partnerships with high schools, community colleges, career/technical training programs and private industry) as well as an expansion of the Cal Grant C program could begin to address the State's needs for skilled workers.

The commission's active role in safeguarding existing programs is an essential goal, especially in turbulent economic times. Of particular concern is the proposed cut to the Competitive Cal Grant program—a cut that would reduce the number of community

college students who are served by Cal Grant programs by approximately 45%. As stated in the Institute for College Access & Success Issue Brief: "These aspiring students stand to lose the most—and pose the greatest loss to our workforce and economy—if they cannot afford the education and training that community colleges provide." (March 2008). It is essential that the commission serve the public interest by strong advocacy efforts to protect as well as to expand funding for all Cal Grant programs.

2. *Please provide a brief assessment of the challenges that you think face California's student aid system and what, if any, recommendations you would make to improve the system.*

It is my observation that California's student aid system faces challenges in the following areas: continued perception by the general population (especially among underrepresented populations) that college is neither affordable, nor accessible; scarcity of resources to provide adequate services and programs; difficulties in providing streamlined technological access to the Cal Grant Delivery System for students and institutions; and, difficulties in working with the United States Department of Education to simplify the Free Application for Federal Student Aid (FAFSA).

Scarcity of resources impacts the commission's ability to provide comprehensive public awareness campaigns. Budget cuts will certainly reduce service hours, research capabilities, program development, and service to the public. Prior funding through the Student Loan Operating Fund no longer exists; the commission will now look to other resources for outreach activities. AB 1540 provisions will afford the opportunity for the commission to accept contributions in support of the Cash for College Program—a proven effective outreach activity. The continued support of Cal-SOAP projects will be essential; the dissemination of financial aid information to families throughout California through the efforts of the Cal-SOAP programs is the key to improving college-going rates.

Providing technological improvements to the Cal Grant Delivery System remains a challenge, especially with budget reductions and the "disentanglement" of EdFund and CSAC. Significant progress has been made in implementing electronic upload and download of data and reports, electronic fund transfers, and improving WebGrants access for schools and students. The CSAC website, complete with many links to federal, state, and institutional websites, provides excellent support for anyone looking for financial aid information. Utilizing technology to provide information that encourages students to pursue post-secondary opportunities is yet another strategy that the commission should strongly support. This technology can also be used to communicate with award winners and schools to provide greater business efficiency.

FAFSA simplification is long overdue. The commission continues to advocate for changes in the FAFSA application process so that this barrier to college access can be reduced. Until such changes are made, however, the commission is working to ensure that students and parents receive assistance in completing the required documents. Cash for College workshops feature "FAFSA Experts" as well as trained one-on-one assistants. Commission sponsored workshops for high school counselors and financial

aid advisors also feature up-to-date FAFSA application information and strategies. These outreach efforts to assist students, parents, and educators are significant. My school has benefited by the commission's workshops, print materials, website, and call center. Commission staff members have attended financial aid workshops and college fairs at my school site, providing a wealth of information, support, and encouragement to students and parents. My recommendation will be that the commission continue to provide face-to-face services for schools—such powerful outreach programs are needed to assure Californians that post-secondary education can be affordable and accessible.

3. *A majority of the members of CSAC have served for less than two years. What is the commission doing to inform and educate new members regarding items which come before the commission and, in general, issues affecting student financial aid?*

As a newly appointed commissioner, I have been very impressed with the array of information that has been provided to me. All new commissioners attended a mandatory, comprehensive orientation that provided an introduction to commission staff, EdFund staff, other commissioners, and facilities. Commissioners were provided an orientation manual that clearly articulates the commission's governance process, policy-making principles, mission, history, and organizational structure of the commission as well as information regarding the key elements of Cal Grants and federal loan programs, including extensive input regarding EdFund programs. Background information about state agencies, state and federal legislative and budget processes, post-secondary institutions, non-profit organizations, professional organizations, and advisory groups was provided. A significant portion of the orientation was devoted to the explanation of the various responsibilities, projects, and current "hot topics" of CSAC's various divisions: Program Administration & Services, Information Technology Services, Public Affairs, Research & Policy Analysis, Management Services, and Federal Policy & Programs.

In addition to the comprehensive orientation manual, commissioners were supplied with an Ethics Training Manual that thoroughly reviews the commission's policies pertaining to the Incompatible Activities Statement and the Conflict of Interest Code as well as information from the California Fair Political Practices Commission. Included in the manual was "A Handy Guide to the Bagley-Keene Open Meeting Act 2004" for commissioner review prior to the Orientation session. As a follow up to the Ethics Training Manual, a teleconference call was made to each commissioner. Chief Deputy Keith Yamanaka and Deputy Attorney General Geoff Graybill provided me with a 30-minute orientation on the mandates set for by the Fair Political Practices Commission, Bagley-Keene Open Meeting Act, California Public Records Act, and all applicable laws and governance requirements, including Conflict of Interest. I particularly appreciated their information concerning protocols for appropriate e-mail communication among commissioners.

On March 27, 2008, a Strategic Planning Retreat for the commissioners was held on my high school campus. Designed by the Personnel, Evaluations & Nominating Committee

and CSAC staff, the retreat provided a daylong opportunity for Commissioners to focus on pertinent information provided by a variety of guest speakers, including representatives from The Institute for College Access and Success, the Public Policy Institute of California, and Time Structures. Power point presentations and reports included the following: "Green Lights & Red Tape: Improving Access to Financial Aid at California's Community Colleges," PPIC surveys ("Californians & Higher Education," "Population Trends and Profiles: Can California Import Enough College Graduates to Meet Workforce Needs?" "Population Trends and Profiles: California's Community College Students"), and "California's Future Workforce: Producing New Technology and Products for New Market in Real Time." Commissioners also reviewed the 2000-2005 CSAC Strategic Plan document, and brainstormed ideas for creating an updated Strategic Plan. A highlight of the day was the presence of two UC Davis students who shared their Cal Grant program experiences with the commissioners and staff.

Commission meetings have included agenda items that serve to inform commissioners of the work of financial aid associations such as the California Association of Student Financial Aid Administrators (CASFAA), California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA), and California Lenders for Education (CLFE), as well as directors of Cal-SOAP projects. Reports from the various committees of the commission also provide valuable background information and current updates for commissioners. For example, the Grant Advisory Committee Chair supplied recommendations for the commission's consideration in regard to the following topics: Student Expense Budgets and the preliminary awarding of Cal Grants; GPA Requirements for Cal Grant programs; Effects of Elimination of Cal Grant Competitive Program; and GAC Workgroup Priorities for 2008/09.

The Governance and Monitoring Committee presented an update on state issues and legislation to the commission at its April 17-18, 2008 meeting, along with a thorough review of the Commission's 2007-08 Statement of Legislative Principles. The detailed analysis provided by Legislative Liaison Ann Shimasaki served to inform the commission of impending bills and to prepare commissioners for advocacy work as the opportunity may arise.

The commissioners have been assigned to committees, and have met with key stakeholder groups and advisory bodies to build working relationships. Committee meetings as well as teleconference sessions are held regularly, and comply with provisions of the Bagley-Keene Open Meetings Act and the Fair Practices Code.

Commissioners have requested that each CSAC meeting feature a guest speaker to discuss affordability and college access. Commission staff has designed a form for speakers to be recommended by commission management or commissioners. It is the expressed desire of the commissioners that a strong focus be made on outward vision and strategic leadership; consideration of input from a variety of stakeholders and/or researchers supports improvement in the commission's governance process. Commission staff supplies commissioners with a wealth of materials, and are always available to answer questions. A designated Commissioner Liaison handles meeting arrangements and commissioner notifications; ongoing communication is also

maintained with the Executive Director. Open communication is the hallmark of the CSAC; emails and web publications are sent regularly to commissioners. Examples of effective communication tools are the readily available issues of "Fast Blast" and the "Keeping You Informed" newsletter for internal staff.

4. *Should the commission be advocating for a statewide student fee policy? If so, what are the key elements of such a policy?*

The Legislative Principles that guide the commission's policymaking and advocacy efforts specify that the commission should advocate for policies that "foster educational access and affordability....cultivating legislative and budget actions that protect, strengthen, and increase the state's General Fund commitment to student financial aid." The commission strongly advocates for maintenance of funding levels and appropriate increases to the number of Cal Grant awards as student fees continue to fluctuate. While the commission has not taken a formal advocacy position on the issue of a statewide student fee policy, I believe that it would be in the commission's interest to do so, keeping in mind that a primary goal of the commission is to serve the interests of students. Providing a fee structure that is reasonable, stable, and predictable would benefit students and their families in budget planning and saving money for postsecondary education. One of the reasons that so many Califomians believe that college is neither affordable nor accessible is that the costs have increased so rapidly and so significantly over the past few years. The ups and downs of the state budget create financial insecurity for public education; the University of California and the California State University systems have increasingly leaned on students and families to cover the shortfalls. Budget shortfalls also result in decreased access for students. For the first time in its history, the CSU system cut off freshmen applications, resulting in about 10,000 students not being admitted for fall 2008. Stability in college admissions rates and fee structures would help ensure opportunity and choice for California students.

5. *Is the commission informing itself about the rising costs of attending college in California, especially the growth of non-fee-related expenses? If so, can the commission act to address non-fee related expenses? How?*

CSAC is a leader in gathering data that accurately reflects the costs of postsecondary education. In cooperation with UC, CSU, Community Colleges, Independent Colleges/ Universities, and private career colleges, the commission administers the Student Expense and Resources Survey (SEARS) to over 70,000 students on a triennial basis. The SEARS Advisory committee meets on a regular basis to update the survey so that student expenses can be accurately queried. For example, the survey was updated to include various "non-fee" related expenses such as course materials fees and computer-related expenses. To ensure up-to-date information, commission staff also secures student expense data directly from colleges, research institutes, and foundation supported projects. Commissioners were recently supplied with a very thorough study ("Green Lights & Red Tape: Improving Access to Financial Aid at California's Community Colleges") published in December 2007 by the Institute for College Access

& Success, as well as an issue brief ("Denied: Community College Students Lack Access to Affordable Loans") published in April 2008 by The Project on Student Debt. Both of these documents provide valuable, up-to-date information about the rising costs of education.

The Cal Grant B program is specifically designed to assist very low income students, offering a "living allowance" of up to $1551.00 for the first year of college. This award level has remained unchanged since legislation enactment in 1999. Increasing the value of the Cal Grant B award, as well as guaranteed funding of Competitive Cal Grants, continues to be a high priority for the commission, as evidenced by our support of AB 2365 (De La Torre) as well as the Legislative Analyst's Office recommendation to the Legislation to reject the proposed budge reduction that would phase out the Competitive Cal Grant program.

The commission's publications, workshops, and newsletters are preparation tools that families, students, financial aid professionals, and high school counselors use to highlight money management strategies. Two particularly helpful publications, "Credit for College" and "Fund Your Future" were widely distributed to high school students this past year, compliments of CSAC and EdFund. These publications encourage students to build realistic budgets to help them get a clear picture of all college-going costs, especially non-tuition/fee expenses. CSAC's website also offers a wealth of information to assist students in managing education expenses.

6. *How does the commission determine the student allowance for books, supplies, and other living expenses associated with attending college, and does the allowance take into account the different costs of living in various parts of the state?*

Using data from the SEARS survey, the commission calculates student expense budgets for students who live on-campus, off-campus, or at home. These "Nine-Month Student Expense Budgets" are annually adjusted using the California Consumer Price Indices, which are determined by the Department of Finance. The commission also collects College Cost Estimate Forms from all Cal-Grant participating institutions on an annual basis; institutions are allowed to use whichever budgets more accurately represent student expenses for that part of the state. The commission offers extensive training to college financial aid officers. In the fall of 2007, over 620 college financial aid administrators attended workshops. Commission staff also provided fifteen special request training sessions for schools with specific needs. The commission is committed to working collaboratively with its partners in postsecondary education to meet the needs of students in all geographic regions of the state.

7. *As the credit crunch pushes lenders to stop issuing loans, does CSAC have an advocacy role to ensure that federally guaranteed student loans will be available to students and their families for the fall 2008 semester?*

CSAC, in partnership with EdFund, has submitted an updated and complete proposal of its Lender of Last Resort (LLR) program to the US Department of Education. This

document clearly outlines policies and operating procedures that will be followed in fulfilling requirements of the Federal Family Education Loan program. CSAC/EdFund, serving as student loan guaranty agency, has actively pursued eligible lenders to serve as LLR providers. With no lenders willing to participate in the LLR program, CSAC/EdFund must pursue federal fund advances under the "Advanced Funds" model. Commission and EdFund staff continues to explore all possible solutions to potential statutory conflicts, and are committed to resolving whatever difficulties remain in securing the LLR program.

8. *What are the commission's plans if banks continue to drop out of the federal program? Has the commission been engaging colleges and universities in this issue?*

CSAC is actively engaged in working with the Governor and Legislature to propose legislation that would remove the potential statutory conflicts that may affect CSAC's ability to act as a Lender of Last Resort. As mentioned in answer #7, a proposal has been submitted to USDE; the commission is now waiting for final information from USDE on the program's fee structure. The goal is to resolve outstanding issues as quickly as possible so that all eligible student borrowers will have access to the loans for which they qualify, that they get the best service possible, and that the LLR program is truly used as a last resort.

CSAC and EdFund have contacted California institutions, assuring them of the commission's commitment to provide services to students and colleges. CSAC/EdFund has well-developed distribution channels for communicating up-to-date information. These include the California Association of Student Financial Aid Administrators (CASFAA) list serve, which reaches 1,513 administrator members; California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA) list serve, which reaches 1,512 members; and California Association of Private Postsecondary Schools (CAPPS) list serve, which reaches 204 members from the proprietary sector. The commission's Loan Advisory Group (LAG) has also been involved in reviewing activities and policies, and advises the commission of its findings and recommendations. Members of LAG include representatives of the lending community, the higher education segments, and students.

9. *Through its financial aid outreach programs, is the commission able to provide student borrowers with substantive information and loan counseling before they enter into private loan agreements? If so, please describe.*

CSAC and EdFund both maintain extensive websites that link students and parents to information about loan procurement and management. High school students and their parents most frequently use the "Fund Your Future" workbooks and brochures, as these items are readily available in schools. A very extensive "Fund Your Future Counselor Guide" is designed for counselors and other student advocates. EdFund also offers extensive training and publications, including Power Point presentations, to schools and colleges. These loan counseling tools help students understand their rights and

responsibilities as borrowers. The materials are designed to be used by financial aid counselors to facilitate group entrance and exit counseling, graduate student workshops, and new student orientation sessions. EdFund's video "Private Loans: Closing the Gap" emphasizes private loans as a secondary funding source; topics include information about selecting a loan that best meets student needs, the impact of credit on loan eligibility, an overview of costs associated with interest rates and fees, and tips on getting a private loan approved.

10. *What is the commission doing to encourage community college students to take full advantage of financial aid resources available to them? Should other steps be taken?*

Active partnerships with the California Community College Chancellor's Office as well as the California Community College Student Financial Aid Administrators Association provide opportunities for the commission to participate in a variety of effective outreach programs. The following are examples of commission activities that target community college students: direct involvement with the "I Can Afford College" campaign, complete with a website in both English and Spanish; year-round message posters (created and printed at commission expense); advertisements in mass transit systems; commission staff participation in the California Community Colleges information booth at the California State Fair; Cal Grant messaging that emphasizes the September 2 deadline for community college students; participation in community college foster youth events; and extensive information for community college students and financial aid personnel that is posted and continuously updated on the CSAC website.

CSAC's Executive Director, Diana Fuentes-Michel, is credited as a contributor to the recently published "Green Lights & Red Tape: Improving Access to Financial Aid at California's Community College"—a groundbreaking document that will be extremely useful to community college financial aid programs, college administrations, and the Chancellor's office. The report focuses on policies and practices that vary widely from college to college and can have a particularly significant effect on students' access to financial aid.

The commission plans to continue to actively advocate for ongoing funding of the grants most used by community college students—the Cal Grant Competitive Awards. The commission will also strongly advocate for increasing the value of Cal Grant B awards so that the lowest income students can gain additional subsistence support.

Additional steps that could be considered include the following: extending the deadline for entitlement grants until September 2 so that entering students are given equitable consideration for funding; providing viable options and pathways to higher education, work and citizenship for undocumented students; expanding work-study and internship programs at the community college level to create intellectually engaging jobs that support academic progress and preparation for the workforce.

11. *What is the commission doing to influence the development of federal financial aid policies under review in Congress that have a direct impact on California students?*

The commission routinely provides information regarding significant financial aid policies to Legislators so that they can effectively advocate on California's behalf when visiting Washington, D. C. The commission has also testified at Congressional hearings held in California, seeking to influence the development of federal financial aid policies that would benefit Californians.

While EdFund staff carries the primary authorization to interface with the United States Department of Education, CSAC staff keeps apprised of federal loan program issues, and works cooperatively with EdFund, the Department of Finance, and Administration to ensure that California interests are being represented. In the past few months, significant CSAC time has been devoted to developing loan program strategies that must be approved by the USDE.

As a member of the National Council of Higher Education Loan Programs (NCHELP), the commission participates in a national network of FFELP affiliated organizations in advocacy efforts to promote student access and choice for postsecondary education with the legislative and executive branches of the federal government. NCHELP has undertaken a variety of initiatives that relate to college access; work groups in the council develop resources to help guaranty agencies (such as CSAC) expand their outreach activities to reach a broader number of students, families and organizations. They also share resources about the technical assistance available in starting programs, as well as working with national access organizations to help support national and state initiatives and leverage existing resources.

The commission also holds membership in the National Association of State Student Grant and Aid Programs (NASSGAP) to provide information to the US Department of Education and Congress regarding current trends in financial aid. The association provides assistance to its members with advisory information about federal legislation, federal forms, links to research, and opportunities to network in national conferences.

12. *How does the commission prioritize its outreach activities to reach the lowest income students in the state? How does the commission reach out to non-English speaking communities?*

The commission has utilized the services of the University of California All Campus Consortium On Research for Diversity (UC ACCORD) to develop a weighted methodology that efficiently directs the commission's outreach efforts. UC ACCORD serves as an information and research clearinghouse that utilizes the research expertise of the University of California to identify strategies that will increase college preparation, access, and retention. The commission's partnership with UC ACCORD has yielded valuable demographic information that allows the commission to accurately target its outreach activities, including financial aid workshop offerings, direct mailings, and public

awareness campaigns in the areas of California with high percentages of low-income students. Over 300 schools have been targeted for priority outreach services.

The California Student Opportunity and Access Program (Cal-SOAP) offers services to students in 15 regions of California, providing information about postsecondary education and financial aid to low-income students. Many Cal-SOAP projects hire low-income college students as tutors and advisors; these students serve as role models and mentors to elementary and secondary students. Additionally, most Cal-SOAP projects employ bi-lingual staff members who provide primary language or bi-lingual workshops, counseling services, and translated materials to students and parents.

CSAC programs and partnerships provide financial aid and services that assist students of all ethnic groups in attaining postsecondary education. CSAC programs are designed to not only help students and parents, but to also supply teachers, counselors, and financial aid personnel with useful tools and information. The CSAC website is available in Spanish; other multilingual materials, including the "Fund Your Future" workbook, are readily available. CSAC's outreach programs include targeted public awareness campaigns in underserved, non-English speaking communities, using a variety of approaches through television, radio, print media, and community and faith-based groups. In 2008, Cash for College workshops were held in ninety percent of California counties; workshops were offered in Spanish, Vietnamese, Hmong, Chinese, Korean, and Tagalog.

I would like to provide you an example of a very successful local financial aid outreach effort this year. In collaboration with UC Davis, Solano Community College, Napa Valley College, Migrant Education, and the Dixon Public Library, the Dixon High School counseling staff organized two evening workshops for students and parents. The first workshop was entitled "Financial Aid 101" and was conducted in two separate locations on the Dixon High School campus for English and Spanish speakers. The guest speakers were financial aid counselors from Solano Community College and Napa Valley College. Materials included "Fund Your Future" in both English and Spanish, and a variety of brochures supplied by CSAC and the community colleges. Our second evening featured a Cash for College workshop, staffed by DHS counselors, a Solano Community financial aid outreach advisor, UC Davis EAOP staff, an aide to Assemblyman Coto, and a "crew" of UC Davis students who are members of the UC Davis Hermanos Macehual club. Side-by-side assistance in filling out the FAFSA was offered to parents in both English and Spanish in two different computer labs. Phone calls to CSAC personnel regarding specific questions were made and answers gratefully received. Many parents and students were able to complete the FAFSA that evening, and all are eagerly awaiting the results of the Cash for College $1000. incentive scholarship that will be awarded to one of our students. Over half of our low-income families attended this event; next year, there will be more.

13. *Are you satisfied with how the commission helps families complete the Free Application for Federal Aid to increase access to financial aid? Should more be done?*

The Cash for College workshops are the most efficient and successful outreach programs available to help families complete FAFSA applications. Statistics reveal that the workshops are helpful to students, with nearly two-thirds of students who participated in last year's workshops enrolling in community colleges or four-year colleges in fall 2007. The incentive scholarship, offered by CSAC in partnership with the College Access Foundation of California, served to encourage student attendance as well. The commission looks forward to further collaboration with private businesses and other institutions to fully implement the provisions of AB 1540, which will provide additional funding for the Cash for College program.

CSAC provides a wealth of training opportunities for high school counselors and other financial aid advisor to update their knowledge of FAFSA requirements and Cal Grant programs. Printed materials, power point presentations, counselor guides, and a user-friendly website all assist education professionals in providing accurate information to families and students. High school counselors particularly appreciate the complete "Cal Grant College Cash Box" that contains posters, handouts for students and parents, Cal Grant materials cd, lesson plans for teachers, sample press releases, PIN flyers, a dvd guide to filling out the FAFSA, copies of "Fund Your Future" counselor guide and student workbook, and much more. These materials provide encouragement for even the most inexperienced high school counselor to feel confident about disseminating information regarding financial aid.

14. What is the commission doing to develop outreach programs that increase participation in the Cal Grant community college transfer entitlement program?

Community College students are a difficult market. Many of them experience changing circumstances in the years immediately following high school, and the need to be self-supporting takes precedence over finishing coursework. Some come to the community college academically unprepared; many are not goal directed. Many students enter community colleges thinking that because the classes are so "affordable" that applying for financial aid isn't necessary. I have counseled high school students who don't understand the academic load of college, and believe that they can hold down full time jobs because they think attending three or four classes isn't very much time, or that they will be able to do all of their coursework at home on-line in the evenings. These are the students who end up not qualifying for grant awards due to low grade point averages or insufficient units.

The answers to the problems listed above involve changing public perception about the academic rigor of community college programs, and continued marketing of financial aid information directed toward community colleges. The "I Can Afford College" campaign is an excellent starting place. (Please see answer #10 for more details.) Cal-SOAP projects are also valuable resources for community college students; many have mentoring and informational services as well as activities that promote the transfer entitlement grant program.

CSAC's website and materials are also helpful resources for all college-aged students. Financial aid administrators and counselors at many community colleges work within some fairly difficult budget constraints to deliver information and support to their

students. The commission's interest in increasing Cal Grant B levels of funding as well as the ongoing support of funding for the Competitive Cal Grants remain at the forefront of the commission's concerns.

15. *Briefly describe any outstanding transitional issues related to the sale of EdFUND, and how the commission is addressing these issues.*

With the recent advisement that EdFund will not be sold until the 2009-2010 budget year, the commission has revised its transition plans in terms of commission operations and programs. A transition team has been working diligently to plan for staff reductions due to budget cuts, as well as the sale of EdFund. Several key CSAC staff members have already left the commission in anticipation of lay offs, leaving a void in several programs. With the postponement of the sale of EdFund, 24 civil service positions assigned to EdFund have been restored, relieving some of the pressure on CSAC to "absorb" these workers. In addition, six positions within CSAC have been restored to continue oversight of EdFund Operations. Nevertheless, there are issues that remain unresolved for CSAC in regard to staff changes, and commission management is currently analyzing how the proposed sale of EdFund affects the proposed lay-off plan.

Another issue of concern is the planned relocation of CSAC offices and EdFund's move to their new data center and future move to new offices at Mather Field. The Information Technology Division has moved equipment from EdFund into CSAC offices to insure network connectivity for CSAC headquarters after EdFund completes its move to Mather Field. Replacement equipment for the phone systems will be installed in June.

Details relating to the FFEL programs, Lender of Last Resort programs, and concerns regarding personnel matters that may be affected by the future sale of EdFund continue to require the commission's attention. In all matters, the California Student Aid Commission remains committed to creating opportunities and exploring new initiatives to achieve its mission to make education beyond high school financially accessible to all Californians.

I would be honored to be a part of that process.

Commissioner Peter C. Hankwitz
California Student Aid Commission
Senate Rules Committee Confirmation Hearing Responses
Prepared as of May 23, 2008

Goals

1. ***Please provide a brief statement of goals that you hope to accomplish while serving on CSAC.***

   RESPONSE: As my actual service on the California Student Aid Commission (CSAC) has barely spanned three months, it would be difficult to provide a broad reaching set of goals at this time. However, one has certainly risen to my attention. That is the fundamental Mission of CSAC: *to make education beyond high school financially accessible to* all *Californians.*

   As broad as this Mission's goal may seem, I believe it to be an attainable one, and one to which I am honored to lend my assistance.

   For more than two decades, my professional perspective as a manager of high profile clients and projects has remained focused essentially on the identification of three basic elements in the provision of advice and counsel: *simplified goals*; *the apparent and real obstacles to achieving them*; *and the plan(s) of action to attain the desired outcome.*

   Since we are likely to both create and discover many new and varied goals during my term of service, and I hope to accomplish each of them in collaboration with my colleagues and the CSAC staff in an expeditious and thoughtful manner.

   As Chair of CSAC's Audit Committee, I also expect to delve deeply into CSAC's (required) oversight of all programs and outcomes under its purview. Regular audit activities are vital to the proper function of any government agency.

2. ***Please provide a brief assessment of the challenges that you think face California's student aid system and what, if any, recommendations you would make to improve the system.***

   RESPONSE: The challenges faced by CSAC are many, though the solutions, I believe, may each contain a form of increased public awareness and outreach, and a clarified message(s) to the various communities and stakeholders served.

   As one of its primary operational functions, CSAC delivers more than $800 million in Cal Grant entitlements to eligible students each year, and, in my estimation, the staff continues to undertake this effort with aplomb, focusing squarely on the

Mission, and quickly recognizing opportunities that may help the process work more effectively, and then implementing such technical and philosophical procedures, as and when possible. Additionally, with the cooperation of the United States Department of Education (USDE) in simplifying the Free Application for federal Student Aid (FAFSA), CSAC staff will be able to streamline Cal Grant delivery even more.

Additional funding dedicated solely for outreach will also assist the staff in making this and many other processes more efficient, by allowing them to more effectively provide the necessary basic information to the public through programs such as the California Cash For College program.

To this end, Assembly Bill 1540 (allowing CSAC to accept contributions and other funding, including in-kind contributions) has the potential of greatly assisting CSAC's efforts in support of the Cash For College program. I believe that a combination of private and public funding sources can often be the best solution to costs for outreach and awareness in similar situations, and hope that a dedicated team will be assembled on behalf of the grant and other financial request efforts now allowed under AB 1540.

I am confident that CSAC staff will continue to educate us Commissioners about other issues and obstacles they believe to be key in preventing them from functioning most effectively.

3. ***A majority of the members of CSAC have served for less than two years. What is the commission doing to inform and educate new members regarding items which come before the commission and, in general, issues affecting student financial aid?***

RESPONSE: The first official CSAC meeting I attended was a wonderful orientation regarding the policies, procedures and educational development of those of us serving on the Commission.

Among the volumes of information provided to us at that initial orientation meeting, perhaps chiefly among them was CSAC's "Commission Governance Process Policies" (Policies) which clearly set forth our roles, authority and responsibility as a Commission and as individual Commissioners. The Policies state that *"Continual education and development for Commissioners will include a mandatory, comprehensive orientation of new members."*

Among the information presented during this orientation were: a working knowledge of key elements of the State administered financial aid and loan programs; an understanding of mandates set forth by the Fair Political Practices Commission, Bagley-Keene Open Meeting Act, California Public Records Act, and

all applicable law and other governance requirements; a working knowledge of state agencies, state and federal legislative and budget processes, and non-profit organizations; and presentations and discussion to inform us of the State administered financial aid and loan programs.

Further, the Policies state that CSAC will *"ensure that a strategic plan is developed for the CSAC entity as a whole, based on the State administered financial aid and loan programs' strategic and annual plans . . . [to] focus on the linkages between the two organizations and how synergies can support the overall mission"* of CSAC. We have already begun this strategic plan effort in earnest.

These Policies, adopted by CSAC in November 2007, have been tremendously helpful in guiding my thoughts and actions during my service. Additionally, many members of the CSAC staff have been obliging in their immediate response to any questions and concerns I may have had since I was appointed.

Rising Costs of Attending College

4. ***Should the commission be advocating for a statewide student fee policy? If so, what are the key elements of such a policy?***

   RESPONSE: In my opinion, should CSAC elect to advocate for such a statewide policy, at this time I would be inclined to support the advice of CSAC staff; that it be "predictable, reasonable, and require timely notification to students of fee changes."

   However, what I would consider most important in a debate regarding such a policy is its likely and fundamental impact on CSAC's Mission, i.e. would it *increase* or *impede* financial accessibility to higher education for all Californians?

   This is a critical distinction, and one that would require much more input from my colleagues and CSAC staff prior to making any such decision.

5. ***Is the commission informing itself about the rising costs of attending college in California, especially the growth of non-fee-related expenses? If so, can the commission act to address non-fee related expenses? How?***

   RESPONSE: Without hesitation, yes.

   One of the primary and ongoing updates we receive from the CSAC staff and other organizations and stakeholders is information regarding rising costs of college attendance, and the related living expenses, etc.

In fact, during a retreat in March 2008, several of my colleagues and I received presentations containing research and polling statistics regarding this very subject.

Clearly, the impact of rising higher education costs is a top priority or consideration by CSAC, and I look forward to seriously reviewing it further to see where CSAC can have the greatest effect in addressing ways in which those costs – even *'non-fee related expenses'* – can be reduced and/or offset for students and their families.

The non-fee related expenses are a fact of life, and CSAC must consider room and board, personal expenses, computers and books, and transport to and from classes to be fully a part of the cost of education, and exploring where the purview of its Mission can be of assistance, if at all.

6. ***How does the commission determine the student allowance for books, supplies, and other living expenses associated with attending college, and does the allowance take into account the different costs of living in various parts of the state?***

RESPONSE: Some colleges will send 'student allowance' budgets to CSAC when they consider such information to accurately reflect the part of the state in which the college is located. Primarily, however, it is my understanding that this information is gathered (statewide) by CSAC through its Student Expense and Resources Survey (SEARS), issued every third year to update its understanding of the real world expenses associated with college education.

It is my further understanding that the combination of the information received from individual colleges and that collected through SEARS provide a rather specific and full view of the landscape of living expenses related to college attendance.

The Future of Student Loans

7. ***As the credit crunch pushes lenders to stop issuing loans, does CSAC have an advocacy role to ensure that federally guaranteed student loans will be available to students and their families for the fall 2008 semester?***

RESPONSE: The "credit crunch" seems to be pushing lenders to stop issuing non-federally guaranteed loans. This is an important clarification, in that lenders have not stopped issuing loans, per se, just those student loans which pose a higher risk to the lender itself.

With that said, in compliance with federal Law, CSAC does have a lender-of-last-resort (LLR) program, to be made available to students who are eligible for a

Stafford loan, yet have been rejected twice for such loan requests, and are thereafter unable to find a lender for a Federal Family Education Loan, which is guaranteed by Federal law. (The LLR program is administered through EdFund, CSAC's non-profit auxiliary.)

The USDE recently requested that CSAC provide a statement of its LLR policies and procedures, and CSAC Executive Director Dian Fuentes-Michel complied.

These policies and procedures provide opportunities for LLR-eligible students to receive the student aid loan assistance they may need fro Fall 2008, though Governor Schwarzenegger's May Revision of the State Budget states that further legislation may be necessary to address what some consider to be a 'statutory conflict' affecting the CSAC's ability to meet its obligation to perform as a LLR.

8. ***What are the commission's plans if banks continue to drop out of the federal program? Has the commission been engaging colleges and universities in this issue?***

RESPONSE: It is my understanding that the USDE, the broader student loan guaranty industry, CSAC and EdFund are all working in cooperation to put into practice a federal advance LLR program in compliance with the USDE's established guidelines. To this end, CSAC staff have plans to continue CSAC's commitment to provide the highest level of service possible, not only to students, but also to universities and colleges.

In fact, another letter from Executive Director Fuentes-Michel was delivered recently, as required, to the USDE and the California Department of Finance regarding CSAC's commitment to the maximum number of LLR loans that it would be willing to originate under the terms using the federal Advance funds. And, based on information provided by EdFund, CSAC's response to the USDE's request was that CSAC/EdFund expects to originate in its designated state of California up to $1.5 billion.

In her letter, Fuentes-Michel defined "Designated state" to encompass *"institutions located in the state of California and California residents attending school outside of California. Institutions located in the state of California include non-California campuses of corporate chain schools headquartered in California."* She further expressed that *"Under the current configuration of the LLR program, CSAC is not proposing to broaden its participation outside its designated state."*

Communications were also delivered in April 2008 to institutions in California, making it clear that CSAC's Mission would be met.

CSAC will continue to support eligible borrowers to the fullest extent possible.

9. ***Through its financial aid outreach programs, is the commission able to provide student borrowers with substantive information and loan counseling before they enter into private loan agreements? If so, please describe.***

   RESPONSE: The need for greater outreach and information dissemination (and the funding therefore) notwithstanding, *"Fund Your Future"* is a booklet published by EdFund and CSAC.

   It is considered the primary publication used by the majority of California's students who want information regarding the context and particulars of State, federal and private financial aid programs, their parameters, how to apply, and some potential pitfalls inherent in some private loans. The publication is also translated into Spanish, Vietnamese, Chinese, Korean, Hmong, Tagalog, Russian, and Armenian.

   (Please also note the related responses to questions 12 and 13, regarding outreach.)

State Financial Aid Programs

10. ***What is the commission doing to encourage community college students to take full advantage of financial aid resources available to them? Should other steps be taken?***

    RESPONSE: As the largest constituency in California's higher education population, those enrolled in (or considering attending) community colleges may also benefit from better outreach by CSAC.

    But CSAC has historically been involved directly in many efforts to reach out to community college students regarding financial aid resources, especially the "I Can Afford College" campaign into the community college sector.

    Also among these efforts have been: Foster Youth (Chaffee Grant) programs; hundreds of Cash for College events; Community College student GPA provision directly to CSAC for targeted and individual outreach; plus Cal Grant Entitlement Awards—*73% of which were offered to students in the California Community College system in 2007.*

11. ***What is the commission doing to influence the development of federal financial aid policies under review in Congress that have a direct impact on California students?***

RESPONSE: Personally, though I am confident that these efforts are undertaken regularly by CSAC staff, I am not yet aware of efforts to influence federal policies on behalf of California's students beyond CSAC's membership in the National Association of State Student Grant and Aid Programs (NASSGAP), and the National Council of Higher Education Loan Programs (NCHELP), which also promotes student access and choice for postsecondary education and training.

Financial Aid Outreach Programs

12. How does the commission prioritize its outreach activities to reach the lowest income students in the state? How does the commission reach out to non-English speaking communities?

RESPONSE: CSAC administers and oversees many programs, chiefly among them: the Student Opportunity and Access Program (Cal-SOAP). Its statutory function is primarily to *"increase the accessibility of postsecondary educational opportunities for any of the following elementary and secondary school students: (1) Students who are from low-income families. (2) Students who would be the first in their families to attend college. (3) Students who are from schools or geographic regions with documented low-eligibility or college participation rates."* [1]

There are currently 15 Cal-SOAP operations in various regions of the State, though they are in danger of significant budget cuts in the coming fiscal year – something I believe would be detrimental (and potentially devastating) to CSAC's outreach activities statewide.

CSAC also administers the federal Gaining Early Awareness Scholarshare Trust (GEAR UP) awards in conjunction with the California Department of Education. Cal Grant and other financial information is provided to low-income middle school students to prepare them for higher education.

Additionally, in recent years, CSAC has joined with the UC ACCORD research center to formulate plans for targeted outreach to low-income students. Among other things, the process devised helps to identify high schools in areas with *high percentages of low-income students* and other issues related to need, most importantly considered: family income. School counseling staff shortfalls and other relevant factors are also considered.

Through Cal-SOAP and other methods, CSAC reaches out to non-English speaking communities via radio and television collaborations, print media, and the local grassroots efforts. CSAC's Cal Grants website (www.calgrants.org) is available in Spanish, as well. A full 35% of respondents to the 2008 Cash For

[1] Education Code section 69561(b)

College exit survey (Survey) stated that Spanish was the primary language spoken in their homes.

13. ***Are you satisfied with how the commission helps families complete the Free Application for Federal Aid to increase access to financial aid? Should more be done?***

RESPONSE: My level of satisfaction with CSAC's work in this arena is quite high.

The California Cash For College program and Workshops are designed to help families successfully apply for state and federal financial aid.

Lately, there is an *additional incentive* for families to attend a Workshop and complete the Free Application for Federal Student Aid (FAFSA) application, with the help and guidance of program volunteers and staff. Within certain parameters of eligibility, one student attending each Cash For College Workshop receives a $1,000 scholarship, through the program's partnership with the College Access Foundation of California.

Should more be done? Yes. But *more* does not necessarily equal *different*, in this case. The Cash For College program works. The statistics support this claim, and clearly more students are now applying for financial aid, and attending college as a result, than in years past.

A majority of Survey respondents indicated that the $1,000 scholarship incentive was a key factor in their attendance at the Workshop. Therefore, they were offered guidance through the FAFSA application process that they may not have otherwise received.

The very name of the "California Student **Aid** Commission" addresses the core issue at stake for many families: *financial **aid***. Continued provision of the additional financial incentive for families to attend these Cash For College workshops will undoubtedly increase the numbers of applicants completing the FAFSA even more in the future. The need for financial and other support is most noticeable at the local level.

14. ***What is the commission doing to develop outreach programs that increase participation in the Cal Grant community college transfer entitlement program?***

RESPONSE: Again, the Cal-SOAP consortia provide outreach to many students regarding all types of opportunities for higher education, including community

colleges and career and technical programs, which is why it is so critical at the local level throughout our State.

Cal-SOAP programs also provide mentorship for high school students, and regular education regarding Cal Grant community college transfer entitlements.

Because of this, and other factors, one of the issues CSAC is currently considering is options to expand and/or at least maintain the present levels of Cal-SOAP funding and activities statewide. In light of the proposed State budget cuts, this is a difficult task, at best.

In my own opinion, the final 2008-2009 (and future) California State Budget(s) should be mindful to exempt primary, secondary and higher education from significant reductions. We only have one chance to properly educate California's youth while they are still young.

California Student Aid Commission and EdFUND

15. Briefly describe any outstanding transitional issues related to the sale of EdFUND, and how the commission is addressing these issues.

RESPONSE: Though some may say that the separation and disentanglement of CSAC from EdFund is long overdue, what remains significantly relevant to this issue appears to be the extraordinary and unfunded expenses that CSAC must bear in order to do so.

Due to previous office space leasing plans made prior to the announcement that the EdFund asset was to be sold, CSAC had no separate plan in place not to share the physical location where EdFund will relocate, whether or not the entity is sold.

Because of the timing of the termination of the existing CSAC office lease, CSAC must actually move its headquarters to a temporary location in summer 2008, and then move again within a few months, incurring outrageous and unexpected expenses in doing so – reallocating almost $2 million identified in the proposed State budget for the transitions of services due to the sale of EdFund, which must now be used to cover CSAC's relocation costs.

It should be obvious to see that one outstanding issue related to the sale of EdFund is the lack of future funding available for CSAC to properly discharge its duties and provide necessary services.

However, it is notable and commendable that, despite this looming transition, the CSAC staff have maintained their adherence to our Mission, and made many of the necessary changes ahead of time to continue providing uninterrupted financial aid

services to all Californians. These include, among others: moving the Cal Grant Delivery System (completed) and the Interactive Voice Response system (by June 2008) to the state data center; preparing a necessary staff layoff plan; and ensuring that all other operational ad technical systems will be fully functional throughout any relocation(s).

Included also herewith is a copy of the Form 700 submitted in January 2008. There have been no changes since it was originally filed.

1. ***Please provide a brief statement of goals that you hope to accomplish while serving on CSAC.***

As President/CEO of the Sacramento Asian Pacific Chamber of Commerce, I have worked in the economic development arena for over 10 years helping underserved communities achieve economic stability through small business capacity building programs. My passion is helping underserved communities achieve access and opportunity. A primary goal of mine will be to ensure that ALL students have access and opportunity through the successful delivery of California's financial aid programs. With limited resources, we have to be more efficient and more creative while meeting the needs of California's students. It is my intention to help provide that out-of-the-box thinking that can lead us to solutions in delivery of services despite any resource constraints.

2. ***Please provide a brief assessment of the challenges that you think face California's student aid system and what, if any, recommendations you would make to improve the system.***

In the short term, the impact of this year's budget shortfall and the proposed sale of EdFund present serious challenges to CSAC. Without sufficient resources it is difficult to administer the level of access and outreach needed to ensure that ALL students have opportunity through California's financial aid programs.

The budget shortfall will have an impact on the efficiency of our overall delivery system as we work to complete the information technology conversion to real time. Information technology utilizing web-based programs to enhance student services -- increase access, without sufficient resources will be constrained.

Funding for outreach will be affected. The authority obtained under Assembly Bill 1540 to accept contributions and other funding, including in-kind contributions will go to support the California Cash for College Program which will ultimately become the main source of outreach funding for CSAC. As commissioners, we have to ensure that with the resources we have, we are utilizing those resources as efficiently and effectively as possible.

3. ***A majority of members of CSAC have served for less than two years. What is the commission doing to inform and educate new members regarding items which come before the commission, and in general, issues affecting student financial aid?***

CSAC has adopted policies that require continual education and development for Commissioners. We have committee structures that meet according to public notice procedures that focus on Governance and Monitoring, Audit, Programs, Planning and Budget, Personnel, Evaluation and Nominations and ad-hoc committees (i.e., strategic planning sub-committee) when needed. Within each of these committee structures, new

members are kept informed and educated. We also have advisory bodies and commissioner liaisons such as the Grant Advisory Committee, Cal-SOAP Advisory Committee, and the Loan Advisory Council that ensures that Commissioners are kept informed and educated with our partners.

4. ***Should the commission be advocating for a statewide student fee policy? If so, what are the key elements of such a policy?***

Currently, the Commission advocates for legislation that is directly related to financial aid. If we were to advocate for a statewide student fee policy then I believe that any statewide fee policy should be accessible to all, affordable to all, and require the timely notification of any fee change proposal. I also believe that transparency to the consumer is paramount to our credibility.

5. ***Is the commission informing itself about the rising costs of attending college in California, especially the growth of non-fee-related expenses? If so, can the commission act to address non-fee related expenses? How?***

The Commission is keeping informed through survey methodology of our students every three years. The Commission, in collaboration with its partnering agencies administers the Student Expense and Resources Survey (SEARS) that gather data on the actual expenses and financial resources of California's college students. This survey is administered to over 70,000 college students attending community colleges, state colleges, the universities, independent colleges and universities, and private career colleges. The data that is collected is used to produce an average non-month student expense budget that include room and board, transportation, personal expenses, books, supplies, computer-related expenses, and course material fees. Staff reviews the SEARS process and questionnaire on a continual basis to ensure its continued viability.

6. ***How does the commission determine the student allowance for books, supplies, and other living expenses associated with attending college, and does the allowance take into account the different costs of living in various parts of the state?***

The Commission uses the data from the SEARS to calculate average nine-month student budgets for students living on campus, off campus, and with parents. In the non-survey years, these average nine-month student budgets are adjusted using the California Consumer Price Indices prepared by DOF. Institutions are not required to use these average nine-month student budgets but can submit their own budgets to the Commission each year if they feel that their own budgets more accurately reflect actual expenses in their geographic area.

7. ***As the credit crunch pushes lenders to stop issuing loans, does CSAC have an advocacy role to ensure that federally guaranteed student loans will be available to students and their families for the fall 2008 semester?***

Yes. I believe that the Commission has an advocacy role to ensure that federally guaranteed student loans are available.

Federal law guarantees the availability of a Federal Family Education Loan (FFEL) to eligible students, and if a student, who is otherwise eligible for a Stafford Loan, and after receiving two rejections, has been unable to find a FFEL lender willing to make such a loan, that student is eligible for a guaranteed student loan issued under the lender-of-last-resort (LLR) program. The Commission, through EdFund, has an LLR program in place. Recent changes in federal law are now requiring the expansion of the LLR program. The Governor's Department of Finance and the Legislature are presently working with the Commission to expand the LLR program as deemed necessary by the change in lender participation in the LLR program.

8. ***What are the commission's plans if banks continue to drop out of the federal program? Has the commission been engaging colleges and universities in this issue?***

As stated above, the Commission, through EdFund. has an LLR program in place. The Commission has recently submitted a revised program plan to the federal government for its approval. Currently, state legislation is pending to clarify that the Commission can expand its participation in the LLR program. The Commission working through its auxiliary is working to ensure that sufficient federal loan access is available for the coming academic year. Also, through EdFund, the Commission sent letters to California institutions assuring them of our commitment and what administrative steps are being taken to ensure students access to the federal loan programs.

9. ***Through its financial aid outreach programs, is the commission able to provide student borrowers with substantive information and loan counseling before they enter into private loan agreements? If so, please describe.***

The commission publishes an educational piece called "Fund Your Future" which is jointly produced by the Commission and EdFund. This is the publication that most California students use to find out about California's major financial aid programs, their requirements and how to apply for State and Federal financial aid programs including private loans. EdFund also provides information to schools and student borrowers on their responsibilities and rights as a student borrower. EdFund also provides default prevention tools to colleges and universities participating in the federal student loan program.

10. ***What is the commission doing to encourage community college students to take full advantage of financial aid resources available to them? Should other steps be taken?***

For the 06/07 budget year, 73% of Cal Grant Competitive Awards were offered to community college students, with the remaining going to students participating in the other private and public colleges and universities in the State. The Cal Grant Entitlement Program which serves over 68,000 new recipients each year directly from high school, provides approximately 36 percent of new awards to community college students. Outreach is done in partnership with the community college system with the "I Can Afford College" campaign with many specific targeted outreach activities internal on campuses and external marketing (i.e., public transit, the state fair, call in shows), as well as California Cash For College workshops and foster youth events to provide Cal Grant and Chafee information to foster youth.

There is opportunity to partner with the K-12 system in California and develop an outreach campaign as early as 4th grade to bring awareness to students and their parents prior to entry into the community college system. There is additional opportunity to develop private partnerships with associations, private business, industry, media and community-based organizations to provide additional resources in that specific outreach effort.

11. ***What is the commission doing to influence the development of federal financial aid policies under review in Congress that have a direct impact on California student?***

The commission staff works with the Administration to identify significant federal financial aid issues affecting California's students, and testifies at hearings held in California with respect to some of these issues. The commission also works with the State Legislature to educate members on federal issues, so that they can lobby on our behalf in Washington, D.C. The Commission, through EdFund, also keeps track of federal loan program issues and coordinates with EdFund staff to ensure that California's student's interests are represented to the US Department of Education.

The commission is also members of the National Council of Higher Education Loan Programs and the National Association of State Student Grant and Aid Programs that lobby on behalf of its members with respect to public policy and regulatory issues affecting student access and other matters related to student financial aid.

12. ***How does the commission prioritize its outreach activities to reach the lowest income students in the state? How des the commission reach out to non-English speaking communities?***

The Commission for the past three years has partnered with UC Accord research center to develop a weighted methodology to target the Commission outreach, including media buys, direct mail, and workshops. The methodology uses factors to identify high schools

in areas with high percentages of low-income students as well as other key factors, including family income, parent education level, counselor to student ratios, graduation rates, and a school's Cal Grant student GPA submission method.

The Commission also administers the Cal-SOAP program (Student Opportunity and Access Program) utilizing bi-lingual staff and volunteers that are designed, by statute to outreach to those lowest income students. The Commission currently funds 15 Cal-SOAP projects throughout the State. Workshops and the Commission's website is student-friendly and available in multiple language access. The Commission also has created public awareness campaigns targeted to those identified non-English, low income communities to raise awareness through the local California Cash for College campaign, Gear UP program, and the California Chafee Foster Youth Program.

13. ***Are you satisfied with how the commission helps families complete the Free Application for Federal Aid to increase access to financial aid? Should more been done in this area?***

The California Cash for College program is the primary vehicle that the Commission uses to help families complete the free application for federal aid. This year, over 500 Cash for College workshops returned more than 22,000 student evaluations, a 60% increase over prior year returns. Also, the California Cash for College program through its partnership with the College Access Foundation of California, offers incentive scholarships which encourage students to attend a workshop and submit their application prior to deadline. The Cal-SOAP partnerships also participate in the California Cash for College program which include services to parents including financial aid workshops, loan counseling, and college admissions workshops.

There is opportunity to partner with the K-12 system in California and develop an outreach campaign as early as 4th grade to bring awareness to students and their parents prior to entry into the post secondary education system. There is additional opportunity to develop private partnerships with associations, private business, industry, media and community-based organizations to provide additional resources in that specific outreach effort.

14. ***What is the commission doing to develop outreach programs that increase participation in the Cal Grant community college transfer entitlement program?***

The Commission's primary outreach program for this is Cal-SOAP, which promotes all levels of educational opportunities beyond high school including career technical programs, community colleges and four-year universities. Many Cal-SOAP programs have mentoring components for community college transfer students and the transfer entitlement grant is promoted there.

For the 2006-07 year, 4,386 California Community College Transfer Cal Grant Entitlement Awards were offered. This coming year, over 6800 new transfer Cal Grant Entitlement offers have been made.

15. Briefly describe any outstanding transitional issues related to the sale of EdFund and how the commission is addressing these issues.

In the Governor's May revision, the sale of EdFund is postponed until fiscal year 09/10. Many of the transitional issues related to the sale are being postponed, such as the establishment of the business and technology services within the Commission, services that are currently being provided by EdFund. The establishment of these services at the Commission will require additional resources will be addressed in a submittal of a 09/10 budget change proposal.

The Commission has been diligently at work in preparation of the sale de-tangling CSAC and EdFund's with the utmost concern in minimizing disruption of providing services to our students, staff and schools. This has not been easy process, layering on top of the proposed sale, is the 10 percent budget reduction for 08/09 that required submittal to the Department of Personnel Administration a staff reduction plan that will certainly impact delivery of services.

The Commission is still scheduled to move to a new facility in the 08-09 budget year. Unfortunately, the approval to move was received late resulting in the Commission moving twice. Commission staff has identified two new sites within 1.5 miles of our current location and have asked the Department of General Services to begin the lease negotiations.

The Governor's May revision proposes a redirection of the $1.8 million identified for the transition of services due to the sale of EdFund to cover the Commission's relocation costs.

The Commission will continue to provide policy and operational oversight for EdFund during this period. The Governor's May Revision proposes to continue to fund the Commission's oversight division until such time that the sale occurs. The Governor's initial call to eliminate the division has poised challenges in adequately staffing this important function. The Commission will work with management to ensure that appropriate oversight occurs while sale discussions continue.

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May 5, 2008

Bonaparte H. Liu

Dear Mr. Liu:

This is to inform you that the Senate Rules Committee will conduct a confirmation hearing on your appointment as a member of Student Aid Commission on Wednesday, June 18, 2008. We request that you appear. The meeting will begin at 1:30 p.m. in Room 113 of the State Capitol.

We have prepared the following questions to which we would appreciate your written responses. It is expected that these responses will be in your own words, not those of staff. Please provide your responses by May 27, 2008.

We would also like to receive an updated Form 700, Statement of Economic Interest, by May 27th.

Goals

The California Student Aid Commission (CSAC) is the principal state agency responsible for administering state and federal financial aid programs for students attending public and private colleges and vocational schools in California. The commission administers the state Cal Grant Program and the federal Family Education Loan Program—two of the largest financial aid programs available to California students.

1. *Please provide a brief statement of goals that you hope to accomplish while serving on CSAC.*

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2. *Please provide a brief assessment of the challenges that you think face California's student aid system and what, if any, recommendations you would make to improve the system.*

3. *A majority of the members of CSAC have served for less than two years. What is the commission doing to inform and educate new members regarding items which come before the commission and, in general, issues affecting student financial aid?*

Rising Costs of Attending College

Over the years, student fee levels have fluctuated significantly, making it difficult for students and families to anticipate and plan for paying college costs. The state currently does not have a formal student fee policy guiding how student fees are set. The Governor's proposed 2008-09 budget would raise student fees at all segments except for community colleges. University of California and California State University fees would increase 7.4 percent and 10 percent, respectively, which reflect fee increases anticipated by the segments when they developed their budget plans in the fall. It should be noted, however, that the Governor's budget acknowledges that the segments may increase their fees above their initially envisioned levels in order to backfill proposed unallocated General Fund reductions.

4. *Should the commission be advocating for a statewide student fee policy? If so, what are the key elements of such a policy?*

Even with proposed fee increases, California's public colleges' and universities' fees are considered low in relation to comparable institutions around the country. Nonetheless, college affordability is still a major concern for students and families. One reason is the non-fee costs associated with attending college.

5. *Is the commission informing itself about the rising costs of attending college in California, especially the growth of non-fee-related expenses? If so, can the commission act to address non-fee related expenses? How?*

6. *How does the commission determine the student allowance for books, supplies, and other living expenses associated with attending college, and does the allowance take into account the different costs of living in various parts of the state?*

The Future of Student Loans

Student loans are an important component to financing the increasing costs of higher education. A recent study by the California Research Bureau found that private loans, made directly by lending institutions to borrowers, account for a quarter of all student loans. These loans carry adjustable rates, cannot be discharged in bankruptcy, and are not federally subsidized or guaranteed. Students across California may begin to see higher costs for college loans this summer, or be turned away by banks altogether as the credit crisis forces many lenders to scale back their activities. Students seeking federally guaranteed loans could be required to pay higher fees to borrow money, while students at community colleges and for-profit colleges may be denied private loans entirely because lenders consider them riskier investments than their peers at four-year educational institutions.

7. *As the credit crunch pushes lenders to stop issuing loans, does CSAC have an advocacy role to ensure that federally guaranteed student loans will be available to students and their families for the fall 2008 semester?*

8. *What are the commission's plans if banks continue to drop out of the federal program? Has the commission been engaging colleges and universities in this issue?*

9. *Through its financial aid outreach programs, is the commission able to provide student borrowers with substantive information and loan counseling before they enter into private loan agreements? If so, please describe.*

State Financial Aid Programs

The commission administers California's Cal Grant program and several other specialized financial aid programs to help undergraduate and graduate students pay for college. The Cal Grant program provides grants to low- and moderate-income college students and helps them pay for fees, room and board, books, and other college-related expenses. The Cal Grant entitlement program guarantees students a Cal Grant award if students are recently graduated from high school, apply by March 2, and if they meet the GPA and income requirements. The Cal Grant competitive program is designed for college students who have been out of high school for more than one year. These students may compete for 22,500 competitive awards, if they meet the income and academic requirements. A March 2008 briefing by the Institute for College Access and Success reports that community college students are the most underserved by Cal Grants and are much less likely to get grants than students at other types of schools.

10. *What is the commission doing to encourage community college students to take full advantage of financial aid resources available to them? Should other steps be taken?*

For the last several months, Congress has made progress in reauthorizing the Higher Education Act. At issue, however, and still unresolved is a Maintenance of Effort (MOE) provision that would penalize states that fund higher education institutions below the level of the five most recent preceding academic years. The penalty for violating the MOE would be to withhold from states funding available to them under the Leveraging Educational Assistance Partnership (LEAP) grants. In California, LEAP federal funds are used by the commission to offset the General Fund of the Cal Grant program.

11. *What is the commission doing to influence the development of federal financial aid policies under review in Congress that have a direct impact on California students?*

Financial Aid Outreach Programs

The Student Aid Commission and EdFUND engage in public awareness outreach activities to assist students and parents with the financial aid process. The commission promotes public awareness campaigns addressing Cal Grant opportunities, as well as programs offering assistance with completing the Free Application for Federal Aid and securing grade point verification for potential Cal Grant recipients. The California Student Opportunity and Access Program (Cal-SOAP) provides financial aid outreach through regionally coordinated consortia to students with low eligibility or low college participation rates. The Governor's proposed budget authorizes $5.7 million in funding for the Cal-SOAP program, a decrease of $637,000 from the current year. The transfer entitlement program is for graduates of California high schools who transfer from a California community college to a qualifying baccalaureate degree granting institution. Students must also meet academic and eligibility criteria.

12. *How does the commission prioritize its outreach activities to reach the lowest income students in the state? How does the commission reach out to non-English speaking communities?*

13. *Are you satisfied with how the commission helps families complete the Free Application for Federal Aid to increase access to financial aid? Should more be done?*

14. *What is the commission doing to develop outreach programs that increase participation in the Cal Grant community college transfer entitlement program?*

California Student Aid Commission and EdFUND

Operating under California statute, EdFUND is a nonprofit auxiliary organization of the commission which administers the Federal Family Education Loan Program on behalf of the state. EdFUND provides federal loan guarantees for California students and out-of-state students who obtain these federal loans. Current law (SB 89 and SB 91, Budget and Fiscal Review Committee, Chapters 182 and 184, Statutes of 2007) authorizes the Department of Finance's director to sell the state's student loan guarantee program (EdFUND), or enter into an alternative financial arrangement regarding these assets and liabilities.

15. *Briefly describe any outstanding transitional issues related to the sale of EdFUND, and how the commission is addressing these issues.*

Please send your written answers to these questions to Nettie Sabelhaus, Senate Rules Committee Appointments Director, Room 420, State Capitol, Sacramento, CA 95814.

Thank you for your help.

Sincerely,

DON PERATA

DP:LG

cc: Student Aid Commission

Responses of Bonaparte H Liu to the Questions Presented by the Senate Rules Committee in its Letter Dated May 5, 2008 (the "Letter")

The following responses refer to the questions in the Letter in the same numerical order.

1. My goals while serving on CSAC include: 1) understanding the current and prospective costs of higher education, the sources of student funding, and working with CSAC and other relevant entities to determine if there are better ways to provide funding (both grants and loans) to students looking to obtain post-secondary education and 2) advocating for greater access to higher education funding for students across all socio-economic strata.
2. The rate of increase in the cost of higher education is outstripping the rate of increase in the funding available for students (both grants and loans). The growing cost to funding divide is challenging students who are obtaining more loans and working more employment hours making higher education more challenging to obtain and potentially less appealing to those in the lower-socio-economic segments of our population. Recommendations to improve this situation would be premature on my part, as I do not know enough about the details of the funding environment, particularly with the contraction in the student loan market from market lenders.
3. In the two CSAC meetings that I have attended, there has not been much time allocated to the general and broader issues affecting student financial aid. The CSAC has been preoccupied with many mid-level issues of which they want to keep the Commissioners apprised and to obtain some opinions from the Commission. Consequently, the Commission has not had the time to discuss broader policy issues thus far.
4. The answer to the question of a statewide student fee policy is a complex one, in which, I am not properly informed, thus far. The cost of public higher education in California is a relationship between and amongst the cost of student fees, the availability and cost of student grants and loans, the General Fund and budgetary constraints, and the political environment, to identify just a few of the various factors. In general, a student fee policy, while providing in concept some type of visibility as to the rate and method by which student fees could increase, might be helpful, but a policy that potentially locks in fiscal flexibility may give the Governor's Office and Legislature less flexibility in prioritizing the various budgetary priorities that arise each budget year. I think the question is nevertheless a good one to evaluate from a policy perspective and one in which the CSAC could be involved.

   As for the key elements to such a policy, I think affordability, transparency, a reasonable rate of increase, and accountability in terms of education spending are all important elements to evaluate and consider.

5. I believe that CSAC has such information. The Commission; however, has not yet discussed this in the broader context of the overall cost of higher education and how the policies of the CSAC should respond. Effectively speaking, non-fee-related expenses and fee-related expenses are ultimately costs to the student, albeit, non-fee-related expenses may have a degree of flexibility

in terms the range of such costs. Insofar as grant and loans can be used for non-fee-related expenses, within some limits, then I believe that this should be the extent to which the CSAC should address this issue.

6. I do not know the specific answer to this question but I think it would be prudent and reasonable to take into account the cost of living of various regions in the state.
7. I believe that CSAC has an advocacy role to encourage the availability of federally guaranteed student loans. However, advocacy is only so effective and the availability of state and federal funds for guarantees is one available lever, albeit limited in the current credit environment and the limited profitability relative to risk in the borrowing segment, in ensuring greater participation by private lenders.
8. The Commission has discussed this issue in a cursory manner in my participation in the recent two commission meetings, thus far, in the context of the default fee issue amidst the backdrop of the decrease in private lender participation. I do not know if the commission has any plans to address the issue thus far, but it is clear that the private lender market, while troublesome in some ways, as is mentioned in the preamble to this question, is the source of last resort for students and families other than seeking part-time employment. Therefore, the private lender market is key in the student fee, non-fee expenses, student grant, and student loan equation to provide students with the funds available for higher education.
9. I know that the Commission has an outreach program, but do not know if they are able to provide effective counseling regarding private loans. I worry that they may not. This question however, raises an issue that I have great concern with and so allow me to take the opportunity to advocate for the issue of financial literacy in secondary education. I strongly believe that many of the problems that our citizenry face in the midst of aggressive consumer business and financing practices (i.e., predatory housing lending, high credit card rates and debt, limited knowledge and action for retirement planning, decisions between spending vs. saving, planning and saving for college, etc.) are somewhat predicated by the lack of financial literacy. I strongly believe that a one semester requirement is critical in helping individuals plan and behave in a manner that is beneficial as they grow and age. That's all the time I'll take on this issue, but I believe that the lower socioeconomic segments of our society are most financially ravaged without such an educational offering and that this should be a high education priority in our secondary education system.
10. I do not know what the Commission is doing on this issue; however, if efforts are not being directed I think we should determine: 1) why and 2) based upon the discovery of why, decide to prioritize or allocate resources to encourage greater awareness and participation in the Cal Grant program at the community college level. I think the community colleges provide a great step to either further post-secondary education or to vocational education and opportunities.
11. I have not been informed, thus far, as to the involvement of the CSAC in the development of federal financial aid policies, although, this seems like it would be a significant issue for CSAC's involvement.

12. I do not have sufficient knowledge as to how the Commission prioritizes its outreach activities to properly answer this question. However, I do agree with the principles suggested in the question and believe that the Commission should understand how CSAC makes such determinations with its Cal-SOAP participants.
13. The answer to this question is unfortunately tied to the limited resources with which the Cal-SOAP program has with which to operate. I believe from what we have heard, although I have not had direct observational experience, that they are doing all that they can with limited resources. In general, as I have asked, I think it would be ideal to eventually have an information technology-based system whereby schools and school districts would be electronically linked to a central database whereby student grades, social security numbers and family financial information from the U.S. Internal Revenue Service would be linked so that students automatically know if they qualify or not for financial aid rather than needing to apply. This would eliminate the need for outreach. I understand that there are several political, resources, turf and other issues involved that would make this unlikely or difficult for all, but perhaps if partially implemented, it could reduce the need to broadly provide outreach services and allow outreach to be more directed to those individuals or schools that fall outside of this database.
14. I do not know the answer to this question.
15. The transitional issues that we have been informed of thus far relate to issues of: 1) new office space as the existing lease is soon expiring, 2) potential absorption of EdFund staff and efforts to retain existing CSAC staff, 3) operating budget. The commission staff is on top of most of these issues and keeps the Commission informed. As much of these transitional issues are operational in nature, I am confident that the staff is acting within their capacity to address all of the relevant issues.

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TUESDAY, NOVEMBER 25, 2008

9:07 A.M.

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Reported By: INA C. LeBLANC
Certified Shorthand Reporter
CSR No. 6713

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DAN SAVAGE, Consultant to SENATOR CEDILLO

BILL BAILEY, Consultant to SENATOR BATTIN

CHRIS BURNS, Consultant to SENATOR DUTTON

ALSO PRESENT

MASON WILLRICH, California Independent System Operator Governing Board

LAURA DOLL, California Independent System Operator Governing Board

DOUG McKEEVER, Division of Juvenile Programs, Department of Corrections and Rehabilitation

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PROCEEDINGS

CHAIRMAN PERATA: Senate Rules Committee will come to order.

Call the roll, please.

MS. BROWN: Senator Cedillo.

Dutton.

SENATOR DUTTON: Here.

MS. BROWN: Dutton here.

Padilla.

SENATOR PADILLA: Here.

MS. BROWN: Padilla here.

Battin.

Perata.

CHAIRMAN PERATA: Here.

MS. BROWN: Perata here.

CHAIRMAN PERATA: We have a quorum.

Greg, do you want to introduce the new staff?

MR. SCHMIDT: I'd like to introduce our new court reporter, who is here a week early because the draft came in a little bit early, and it's Ina LeBlanc from Oakland, originally.

CHAIRMAN PERATA: (To the reporter): We're not paying you for this week.

THE REPORTER: Okay.

(Laughter.)

MR. SCHMIDT: This is basic training, and she'll be with us for the next 35 years. Or some of us.

(Laughter.)

CHAIRMAN PERATA: All right. We have four items -- or, actually, five on the agenda today. And we'd ask Laura Doll and Mason Willrich to come up first together.

MS. DOLL: Thank you.

CHAIRMAN PERATA: And you're the president of the board?

MR. WILLRICH: I'm chair, Senator Perata, yes.

CHAIRMAN PERATA: You get to go first.

Meet the new incoming member of the Energy Commission.

MR. WILLRICH: Yes. Senator Perata, Senator Cedillo -- I mean -- I'm sorry, Padilla -- and Senator Dutton. It's a pleasure for me to appear before you today regarding my reappointment to the California Independent System Operator Governing Board.

I was first appointed to the board in 2005 and have served as board chair since June 2006. Regarding my qualifications and experience, my career includes service in the U.S. Air Force, in the United States government, in academia as a law professor, in the energy industry as an executive of PG&E, and as a

1 partner in a venture capital firm.

2 Presently, I devote my working experience

3 exclusively in nonprofit and public service activities.

4 I believe my service as chair of the CAISO board is my

5 most important responsibility. I joined the board in

6 2005 contemporaneously with the arrival of Yakout

7 Mansour as chief executive.

8 With the board's guidance, CAISO's operating

9 costs dropped about 25 percent. CAISO also strengthened

10 its budgeting and planning processes, including the

11 introduction of a five-year strategic plan and a

12 ten-year transmission expansion plan.

13 CAISO's core commission is to provide highly

14 reliable electric transmission services. We're proud of

15 our record in fulfilling this mission under very

16 difficult conditions, including record demands during

17 2006, and maintaining transmission service during the

18 extensive fires in 2007-2008.

19 Achieving CAISO's core mission also requires

20 timely expansion of California's transmission grid.

21 From 2005 through mid-2008, CAISO's board approved

22 approximately 4.2 billion of transmission projects.

23 As construction of these projects, which

24 include Sunrise and Tehachapi, is completed, these

25 projects will provide access to California's abundant

1 renewable energy resources, as well as increase
2 reliability and economic benefits for California's
3 consumer.
4 CAISO faces challenges. The most immediate is
5 to launch successfully the market redesign and
6 technology upgrade program. And this complex software-
7 modernization project will provide the platform of a
8 robust and transparent wholesale electric market which
9 ensures against market manipulation.
10 Yesterday, following extensive discussions in a
11 public meeting with CAISO's stakeholders, the board
12 directed CAISO management to prepare to file MRTU
13 readiness certification on December 30th for an MRTU
14 go-live date of March 1, 2009.
15 A different challenge CAISO faces is to
16 integrate renewable energy projects successfully into
17 the transmission grid at a level sufficient to achieve
18 California's 20 percent renewable portfolio standard and
19 the 33 percent goal that Governor Schwarzenegger
20 established in his November 17th executive order.
21 As I said in my November 21st letter to
22 Senators Perata, Steinberg, and Kehoe, CAISO is fully
23 committed to playing an enabling role in achieving
24 California's ambitious renewable energy goals.
25 Thank you, and I'll be happy to answer any

1 questions which you have.

2 CHAIRMAN PERATA: Thank you.

3 MS. DOLL: Shall I go next?

4 CHAIRMAN PERATA: Please. Thank you.

5 MS. DOLL: Good morning, President Perata,

6 members of the Committee. It's a great honor to be

7 before you today.

8 I've served on the board a much shorter time

9 than Mason, since just last January. I certainly have

10 gained a deeper appreciation of the complexities of the

11 electric system since that time.

12 We're fortunate, of course, that the system has

13 been able to perform well despite fires, maybe a couple

14 of earthquakes, peak demands, and other operating

15 challenges; but you all are well aware that those

16 conditions can change very rapidly.

17 You rightly expect the ISO to operate the

18 transmission system efficiently and without

19 discrimination, but increasingly the ISO is called upon

20 to go well beyond that and to be actively involved in

21 supporting longer-term state policy objectives. I want

22 to assure you that those objectives are a key focus of

23 our board, as Mason has already noted.

24 Every one of our board meetings includes

25 actions around at least three high-priority issues.

1 One, integrating significant amounts of renewable energy
2 and demand responsive load into the operation of what
3 many people are now calling a new low-carbon grid. Two,
4 expanding and modernizing the way we operate our
5 electricity market. Three, promoting infrastructure
6 developments that will support growth and especially
7 allow renewable energy to get into our system.
8 Among our challenges in advancing these
9 objectives are finding ways to engage other agencies and
10 stakeholders in openly considering these issues.
11 Effective alliances and collaboration with the
12 California PUC, with the Energy Commission, Cal EPA,
13 FERC, and certainly not last, the legislature, are
14 critically important and are something that I and other
15 board members not only monitor but support
16 enthusiastically.
17 I've worked in and around the electric industry
18 for about 30 years now, including 15 years as an
19 executive with a large municipally owned electric
20 utility. I've served in public and private sectors,
21 have been involved in a very wide range of electric
22 system activities. I've been involved in building solar
23 energy projects, designing and running demand-side
24 response programs, citing electric transmission lines,
25 and long-range planning.

During my recent tenures in Sacramento and then in San Francisco, I had the real privilege to participate in developing and implementing California's Energy Action Plan.

I look forward to continuing to build on these previous partnerships and relationships with other state agencies and to working with the legislature to ensure that our system is capable of supporting and advancing all of our critical environmental policy objectives. Thank you.

CHAIRMAN PERATA: Thank you.

SENATOR PADILLA: Thank you. First of all, let me apologize. I know I had a meeting scheduled yesterday afternoon with the two of you, and I got called away to some budget discussions, and I certainly hope today's hearing is a lot more productive than some of the conversations we had yesterday.

You both jumped out in front with the big issue we were going to talk about yesterday, and we will talk for some time this morning, and that is the role of the ISO in this conversation of achieving the renewable energy targets that legislature and the governor have set and are seeking to raise, as well as the greenhouse gas reduction goal that the legislature and governor have set.

1 I appreciate what you said in your opening
2 comments, but may I get maybe a couple of to-the-point,
3 succinct comments or observations on that?
4 MS. DOLL: Go ahead.
5 MR. WILLRICH: We -- As I mentioned in my
6 statement, and certainly in the letter I addressed to
7 Senator Perata and others, we have been fully -- since
8 I've been on the board, fully supportive of the
9 renewable energy policies of the state, and we will
10 continue to support those policies, including the
11 33 percent goal, as well as the 20 percent goal.
12 My understanding, as far as achieving the
13 20 percent goal, is that it is lagging in terms of
14 getting there.
15 SENATOR PADILLA: You're absolutely right.
16 We're slow in getting to the 20 percent goal. There's
17 been legislation in previous years and now a governor's
18 executive order looking beyond the 20 percent goal to
19 establish a 33 percent goal by 2020.
20 MR. WILLRICH: Right.
21 SENATOR PADILLA: To get there, both to the 20
22 and the 33 percent, we need all hands on deck of the
23 legislature, to the governor, to utilities, private and
24 municipally owned, to the PUC, to you all.
25 So I guess my question, to be more specific,

1 is: What specific role do you see yourself playing in
2 supporting these goals?
3 MR. WILLRICH: First of all, we have done
4 extensive studies with the cooperation of the California
5 Energy Commission regarding how to achieve the
6 20 percent goal.
7 We have also conducted a conceptual study for
8 the 33 percent goal. And we have, in addition to
9 that -- I mentioned the Sunrise project. And CAISO, our
10 board, approved that project. I believe it was August
11 of 2006.
12 And we have since then participated extensively
13 with the citing authority that the PUC has in very
14 protracted administrative law proceedings to determine
15 the location and to determine other aspects of that
16 project. And my understanding is that the PUC is
17 hopeful of reaching a decision in 2008, December.
18 SENATOR PADILLA: Let's talk about the
19 August 2006 action first, and then we'll come back and
20 talk about the PUC.
21 MR. WILLRICH: Yes.
22 SENATOR PADILLA: In the August 2006 action,
23 was the opportunity leveraged in ISO saying thumbs up to
24 Sunrise to ensure or maximize Sunrise's benefits
25 specifically for the transmission of renewable energies?

1 MR. WILLRICH: Yes.

2 SENATOR PADILLA: How so?

3 MR. WILLRICH: At that time, the Imperial
4 Valley Irrigation District was a partner in that
5 project, along with Citizens Energy. And the main
6 thrust of looking at that project was precisely to be
7 able to access a renewable resource-rich area in the
8 Imperial Valley. And that was a strong basis for
9 approval.

10 Now in addition to that --

11 SENATOR PADILLA: Basis of approval or
12 condition of approval?

13 MR. WILLRICH: I don't quite understand the --

14 SENATOR PADILLA: Basis for approval could be
15 owed, that sort of makes sense, to try to improve the
16 project, versus actually building the condition of the
17 approval.

18 MR. WILLRICH: We don't condition quite -- at
19 least I'm avoiding that word, because we do not have the
20 authority to just say this, that, and the other thing in
21 terms of this kind of project.

22 What it does, if you let me go on one step
23 further, that line is in addition to an access to a
24 resource-rich area for renewable energy, provides
25 substantial reliability benefits for the City of -- for

1 the City of San Diego and Southern California, which has
2 really difficult issues in terms of overall transmission
3 reliability.
4 So I guess I would not use the word "condition"
5 that -- on the other hand, because from the point of
6 view of the citing of the line, that's in the California
7 Public Utilities Commission jurisdiction.
8 And furthermore, in terms of the supply side,
9 as far as development is concerned, as you know the CPUC
10 conducts a yearly auction for the procurement side of
11 the utilities in terms of where they procure and so
12 forth. They really have the major responsibility in the
13 state setup now to connect up or to make sure that the
14 development does occur in those resource-rich areas.
15 But our planning is aimed at identifying those
16 resource-rich areas and enabling, through transmission,
17 that to happen. But we do not order projects to be
18 under supply contracts to particular developers in these
19 resource-rich areas.
20 There are lots of them in our queue of
21 renewable energy projects, and we have accelerated --
22 taken steps to accelerate dealing with that queue. We
23 have also gotten approval from the federal authorities
24 for an innovative financing scheme to enable the
25 transmission grid to extend out there to these various

areas. And, in fact, that sets a national precedent, what we put together for financing.

So I would say that CAISO views itself as an enabler, but we are not in the business of mandating -- generating project development.

Let me go one step further. With this project I mentioned, MRTU, when that is enabled and goes live, what it will do is to identify the optimum locations for additional investment in generation. So I don't want to resist the word "condition," but I want to be very careful about my vocabulary.

SENATOR PADILLA: I understand. The reason I asked is because in my understanding, the PUC might consider being more aggressive in using the term "condition" in their consideration of the citing of Sunrise. And if the ISO has already acted on its piece of it, my understanding is also that you still have an opportunity to lay in to comment on, if you will, on the PUC deliberation.

MR. WILLRICH: We participated very actively in that whole protracted proceeding for two years -- over two years and with extensive staff support to get the PUC into some mode where they would reach a decision.

Frankly, I have been, and CAISO staff knows, and I think that Governor Doll supports me in this,

1 we've been quite impatient with the progress of the
2 PUC disposition. And in order to achieve the
3 development which we want to see happen in Imperial
4 Valley, the leading edge, really, in the chicken and egg
5 is to get transmission constructed.
6 And so that at that point, as far as
7 development is concerned, it's going to really occur in
8 a much -- it will really be facilitated, because those
9 who are developing these projects, the financiers, would
10 see that there is transmission that's going to be
11 available to enable that project. But transmission --
12 And that's one of the things we're working on with the
13 renewable energy transmission initiative, which is the
14 statewide process.
15 Once again, my concern is that it's not going
16 fast enough, but that's a very coordinative view of
17 trying to optimize a transmission plan to bring in the
18 resources required for achieving these renewable energy
19 targets.
20 SENATOR PADILLA: Let me address the next
21 question to Governor Doll.
22 MS. DOLL: Okay.
23 SENATOR PADILLA: Let me ask the question. Say
24 what you're going to say and then transition into the
25 answer.

We've talked a little bit about Sunrise, and others have talked about -- more about Sunrise. You mentioned in your opening comments that every meeting there's multiple opportunities as you take actions to further the agenda of renewable energies and reducing greenhouse gases.

Can you give me some examples other than Sunrise where you have been presented with that opportunity and how you seize that opportunity.

MS. DOLL: Yes, but let me back up for a minute in the context of this discussion.

I also mentioned I've been in and around this industry for 30 years, which is amazing to me, but I'm mindful of how much things have changed in that period of time.

It used to be that utilities knew what their load was and identified where it would be a good place to put generation and build transmission to it. We're obviously in a completely different world today and have been for quite sometime.

In California, I think there are three main focuses for renewable transmission. The first is: Where are those sources of renewables? Wind in the Tehachapi, sun in the desert is grossly oversimplified examples. And then you start to get into a

1 chicken-and-egg thing. Do you build the transmission
2 out there and hope projects will come together; or do
3 you wait for the projects to be built? There's always a
4 timing mismatch and terrible lag when you're talking
5 about infrastructure like this.
6 So the ISO has taken the approach, as Mason
7 said, of being very involved in state efforts to really
8 try to identify what are the most potentially productive
9 areas for renewable energy.
10 The Mojave Tehachapi is the other example that
11 I would put on the table. The CEC identified probably
12 ten years ago that the Tehachapi had, as I recall, over
13 4,000 megawatts of capability, maybe more than that now
14 with the emergence of new high-efficiency wind
15 generators. And indeed people were interested in
16 building systems out there, but there was no
17 transmission. It wasn't a simple upgrade. You know, an
18 entirely new transmission network had to be built out to
19 that.
20 Well, again, in the old days, a generator would
21 be responsible for most of the cost of getting that
22 transmission out there. You can't possibly do that if
23 you're just building one, you know, reasonably sized
24 wind farm.
25 So the state as a whole -- the ISO was very

1 involved in this, Energy Commission and PUC -- came
2 together and looked at how could new financing -- a new
3 financing structure be put in place, one, to guarantee
4 that, in this case, Southern California Edison could do
5 the long-range planning and design of that line and be
6 sure that they could recover the cost from it.
7 That took -- That was really a leadership role
8 on the ISO's part, working, again, in conjunction with
9 the Public Utilities Commission, because they're
10 ultimately responsible for the Edison rate payer impact.
11 It took many years to get these pieces
12 together, but today we are right on the cusp of having
13 transmission built out to the Tehachapi to allow this
14 wind.
15 SENATOR PADILLA: And I appreciate the
16 information that you're sharing, because it certainly is
17 both complicated and complex, the chicken-or-the-egg
18 thing as you described.
19 You build a transmission line, and that's a
20 further incentive for the renewable development projects
21 to come forward, or what comes first.
22 MS. DOLL: Right.
23 SENATOR PADILLA: I guess the point is: How do
24 we all but guarantee, if not guarantee, that we're not
25 sitting here a generation from now after we've gone

1 through all the hoops of supporting the transmission
2 extension only to find renewable projects that did not
3 happen and dirtier burning power sources that did?
4 MS. DOLL: Well, again, we all have a very
5 important role to play in this in terms of trying to
6 fulfill the legislative objectives, which are numerous
7 from the renewable portfolio standards, to the PUC's
8 side, long-term resource adequacy, including renewables.
9 And now with AB 32, you know, another layer
10 of -- I would -- I don't know what the word that's
11 stronger than "incentive" is, but really a requirement
12 that the way we procure and distribute and use energy in
13 California is indeed going to be cleaner than it was
14 20 years ago.
15 I think, frankly, it's inconceivable that
16 utilities would be considering dirty generation. I
17 think there are a lot of restrictions in place already
18 for that.
19 Now there's some that are still using power
20 from contracts that they had a long time ago.
21 SENATOR PADILLA: Let me ask a brief governance
22 question, because in previous hearings, confirmation
23 hearings, for ISO governance jurisdiction and who
24 reports to who has become a topic of conversation. I
25 hear much more of an acceptance, and I'm hoping this

1 formal acceptance on the part of you about the State's
2 oversight and responsibility. I don't hear you two
3 hiding behind, "Oh, we're given our directives by FERC."
4 So is that accurate?
5 MR. WILLRICH: FERC -- Federal policy does not
6 have a renewable portfolio standard. State policy
7 drives, as of the moment, the resource mix for the
8 state. And of course that state, our state, is embedded
9 in a much larger Western Electric Coordinating Council,
10 so that from the point of view of California, we do need
11 to take into account the whole West.
12 But from the point of view of ISO, at least
13 since I've been on the board, state policy is what
14 drives particularly a renewable portfolio standards and
15 the application and realization of those standards.
16 If I could just make one additional comment
17 about how do we make sure that this development occurs
18 at the resource level, number one, the projects,
19 whatever, whenever, in terms of the development projects
20 at the end of the line, they are going to have to be
21 financeable. And that is -- We're in a totally
22 unprecedented, in my lifetime, environment, so that we
23 all have to be very realistic about that.
24 Now, I happen to believe that a long-term
25 utility contract for the output from a very good

1 renewable project, that is something which is, even in
2 the circumstances today, properly constructed in terms
3 of the contractual relationship, and with the Federal
4 Energy Regulatory Commission and their encouragement
5 incentive structure for transmission development, that
6 that combination would still be financeable from the
7 private sector.
8 SENATOR PADILLA: Let me get back to some
9 finance questions in a minute, but the governance point
10 I was trying to make -- If you look at the letter of
11 ISO, unlike others involved with energy in our state, I
12 think your specific mandate is geared to reliability and
13 safety; is that correct?
14 MR. WILLRICH: Yes.
15 MS. DOLL: Um-hmm.
16 SENATOR PADILLA: So given your acknowledgment
17 here in this committee, and I think our desire to, in
18 addition to reliability and safety, look at a renewable
19 agenda, look at a climate-change agenda, would it or
20 would it not be appropriate, helpful, to update, if you
21 will, amend, if you will, your charge from exclusively
22 reliability and safety to incorporate these other policy
23 directives?
24 MR. WILLRICH: Senator Padilla, if you look at
25 our strategic plan, you will see that embodied in the

1 five-year plan is just what you're suggesting. We
2 believe and are fully aligned with state renewable
3 energy and climate change.
4 SENATOR PADILLA: I appreciate that. I really,
5 really do, but sooner or later we're going -- Most of
6 the time we're going to agree, but heaven forbid we
7 sometimes or once in a long while see something on a
8 slightly different page, and we get into a fundamental
9 discussion of the core mission. Some may point to your
10 core mission of reliability and safety exclusively.
11 I think we ought to see this unprecedented
12 time, not just given Wall Street, but given the
13 national/international attention to climate change, to
14 possibly codify the equal missions of reliability,
15 safety, along with a green energy mission.
16 Your thoughts?
17 MR. WILLRICH: That's something for you all to
18 consider, and in -- If the statute is modified or
19 something like that, if that's what you're suggesting,
20 that's something for the legislature to consider.
21 SENATOR PADILLA: You would have no opinion on
22 that?
23 MR. WILLRICH: Well, I would not want to -- I
24 want to support and the ISO wants to support enabling
25 the state policy.

1 Now, if we get additional authorities from the
2 legislature, obviously I'd want to consult with my
3 colleagues on the board and the rest; but as far as my
4 own personal view on enabling the policy, it -- from my
5 point of view, I think we're going pretty full bore
6 without legislation but in support of other state
7 agencies that have the key responsibilities in -- in
8 terms -- so far in terms of achieving those portfolio
9 standards.
10 SENATOR PADILLA: Ms. Doll?
11 MS. DOLL: I agree, and frankly I don't know
12 enough about the details of the enabling documents for
13 the ISO, but that's certainly something we can look at.
14 As Mason says, we're operating -- in our view, we're
15 operating that way right now.
16 SENATOR PADILLA: Another specific area of
17 opportunity, if you will, to meet the safety/reliability
18 current mission of ISO along with our renewable
19 greenhouse gas reduction goals, to what extent have you
20 all been briefed on smart-grid technologies, or if
21 you're familiar with smart grid, can you talk with me
22 about any actions to help further implementation of
23 smart grid here in California?
24 MS. DOLL: I'll start, and then Mason will pick
25 up.

1 Smart grid is one of those terms that is kind
2 of loosely used, I would say, and in my experience it's
3 been associated more at the distribution level, that is,
4 the lines that go into our homes and businesses and
5 often attach to meters. You know, we're still using,
6 most of us, meters that would look familiar to somebody
7 who was in the electric utility industry a hundred years
8 ago.
9 But now -- And certainly the PUC and the Energy
10 Commission have been very involved in pushing more
11 advanced metering technologies that allow two-way
12 communications from the customer's load back to the
13 utility operating center. And that can do lots of
14 things, including helping customers manage their own
15 use, and something I'm especially interested in on the
16 demand responsive load where we can all be part of
17 helping to shave the State's peak through changing our
18 own usage patterns. So there's quite a bit happening
19 one could categorize as smart-grid initiatives in
20 California.
21 Relative to the high-voltage transmission side
22 that the ISO is involved in more, not the distribution-
23 level stuff, I know that there are -- there are some
24 pretty big improvements coming in in materials and,
25 again, communication systems among the key elements of

1 the transmission grid. But personally, I'm not aware
2 that the ISO has taken any specific action to, you know,
3 especially facilitate that.
4 MR. WILLRICH: We have -- This is one of my
5 favorite subjects. I'm going to do it in two parts, one
6 is the ISO, but then I would like to go on to mention
7 something else.
8 In terms of CAISO, we have established a lab
9 that is a demand-response lab that demonstrates realtime
10 the possibilities for programming dishwashers and other
11 things on the customer's side of the meter. So that is
12 up and running.
13 We've also just recently, going back up the
14 grid, deployed some battery technology to see how that
15 works, because storage is key in terms of bringing in
16 intermittent resources, which renewables are. They have
17 some characteristics that are difficult, but not
18 impossible, but that really require integration to keep
19 the load balanced and everything matched up.
20 So storage is a key technology that could be
21 deployed in strategic parts of the grid and that we are
22 actively demonstrating -- beginning some demonstration
23 projects.
24 Now, if you take smart grid, you know, how
25 smart can it get? This is a different role, but I've

been asked to co-chair a meeting for the National Academy of Sciences and Engineering, the Board of Environmental -- the bureaucracy in Washington, in a workshop on just this subject, transmission and distribution delivery system, and we have gathered together about 25 people who are really from all over the country and focusing on just that, how to move that forward.

My impression, standing back from it all, is that the main issue is going to be deployment, not a lot of technology that is not available now.

And as you know, the utilities are rolling out automated metering systems and so forth. The question for the state is going to be: Will state policy evolve so that all that functionality could be turned on, because that is designed to enable exposing consumer markets to realtime prices, and then with realtime prices in mind, they can program their consumption. And I'm talking about skyscrapers as well as individual residences.

And down the road all that can be done, but I suspect there's going to be a lot of push and pull in terms of state policy going down that road. And CAISO can play a very important role in understanding, enabling all this to happen.

1 But I think there's going to be some heavy
2 lifting in other parts of the policy making in
3 California to really get all the way where I would like
4 to see the country be, which is end to end smart grid.
5 SENATOR PADILLA: Okay. Thank you.
6 Clearly, Senator Perata, the appointees before
7 us have a pretty good grasp of where we're all trying to
8 go, like Mr. Willrich said, not just here in California,
9 but if we indeed lead the country, where the country
10 will end up going.
11 So I'll take your word as far as your
12 commitment goes to the legislature's outlined priorities
13 of renewable energy sources and greenhouse gas emission
14 reductions; but clearly we have a lot of work ahead, and
15 I hope the conversation here today isn't the last time
16 we're intimately cooperating with one another.
17 MS. DOLL: Thank you.
18 SENATOR PADILLA: Thank you.
19 MR. WILLRICH: We look forward to that.
20 SENATOR DUTTON: Just a couple.
21 Your background's pretty extensive in the
22 energy --
23 You were with PG&E a number of years, so you're
24 pretty familiar with that side of it, the investor-owned
25 utility side and trying to meet the demands of the

1 public and so forth.

2 MR. WILLRICH: I had two roles at PG&E. One

3 was within the utility, and the other one was

4 establishing some unregulated independent power producer

5 companies.

6 SENATOR DUTTON: Okay. And then, Laura, on

7 your side you actually spent quite a bit of time with

8 the Public Utilities Commission, so you kind of have an

9 inside knowledge of what's happening within that

10 organization as well, right?

11 MS. DOLL: Yes, sir. It was three years,

12 really, in the regulatory arena. That was very

13 different for me, because my background had been in the

14 municipal electric utility side.

15 SENATOR DUTTON: Seems to me like one of the

16 challenges we have right now -- I think everybody wants

17 to see a way to come up with a reliable, environmentally

18 sensitive energy policy and supply, and certainly if

19 we're going to sustain any kind of strong economic

20 growth for the future of California, we have to come up

21 with some kind of reliable, affordable energy supply and

22 a way to get it there.

23 I'm starting to get a little concerned, though,

24 because it just seems to me with all the horrendous

25 amount of red tape I constantly hear about, whether

you're trying to do renewables or you're trying to do a peaker plant to help with those intermittent problems and so forth, it almost seems to me like we keep wanting to create more and more agencies, and it's like the more we create, the less we get. So are we -- Every time we turn around, somebody wants to create a new agency.

In the bigger scheme of things, do we have a lot of redundancy going on? Do we have a lot of -- Is this what really is kind of stopping the process or the progress is because maybe there's too many cooks involved with fixing the meal?

MS. DOLL: You can take that one.

SENATOR DUTTON: Your personal opinion.

MR. WILLRICH: In my experience, and it's typified by the length of time that Sunrise has been considered, and if California is going to meet those targets, there needs to be an understanding and some changes in that overall process, not adding but rather streamlining decision-making about how to get there.

And I suspect that the same things could occur in the near future at the federal level where there will be an understanding that, you know, the federal level needs to get on board, and it's just not a state-by-state kind of situation in relation to renewable development.

1 And California being in a leadership role could
2 have a big influence so that changes that are made in
3 California to streamline its -- and I'm not trying to
4 deal anyone out of the process, but rather to get it
5 inclusive, but at the right time, and then get a
6 decision made, you know, limit it where there is closure
7 on a decision so you can get steel in the ground, as
8 they say; that for a whole variety of infrastructure
9 issues that California faces if it's going to innovate
10 fundamentally, it's not technology that's a drag or that
11 we need new technology, it's that we need to really get
12 on with scaled deployment is what we really know well
13 how to do and with best practices, technology and
14 policy.
15 SENATOR DUTTON: It seems to me that the
16 existing transmission system would appear to be a little
17 bit underutilized. It would seem to me within the
18 existing lines that exist, there's opportunities where
19 we actually could develop more sources of power of
20 various types and so forth along the existing
21 transmission system instead of trying to -- instead of
22 constantly going out and trying to take on the
23 challenge -- not that we don't need more transmission,
24 but as soon as you build more transmission systems, then
25 you open up lines of development. And there's other

1 people that are really concerned about too much sprawl.
2 And so it would seem to me that if people don't
3 want to see the sprawl and they want to be able to see
4 more smart growth, I guess, you would want to try to
5 maximize your utilization of the existing transmission
6 system.
7 Based on what you've seen, is there areas that
8 we should be looking at along the existing transmission
9 system that would have opportunities to add additional
10 power sources?
11 MS. DOLL: Well, I believe there are, and
12 that's an area that I'm working in conjunction with the
13 Energy Commission, because they really do the statewide
14 forecast of how much energy do we need, you know, where
15 do we think generation should be cited. They have
16 responsibility for generation citing.
17 SENATOR DUTTON: That goes back to what I was
18 saying a little earlier. You're actually in charge of
19 managing the transmission system.
20 MS. DOLL: We do the long-range planning for
21 the transmission system, but the load forecast and
22 issues about, you know, types of generation and so
23 forth, it's really done in conjunction with the Energy
24 Commission.
25 If I could go back to your first question,

because I think it's a really good one.

I hope nobody is talking about new energy agencies in California, but eight years ago when I came to Sacramento, the ISO and the PUC and the Energy Commission did not -- the leaders of those agencies did not routinely meet, the three of them.

And something that happened at that time in the wake of the crisis was a commitment to a lot more coordination. Didn't need any new laws to get the agencies to talk together and jointly plan. And that is absolutely continuing now. The Cal EPA and the Air Resources Board, of course, are the fourth leg of that particular, you know, focus.

So I think it's really appropriate to continue to drive for that kind of cooperation, and I guess that's....

MR. WILLRICH: If I could just add a slightly different perspective.

So I mentioned this MRTU software upgrade, and when that is -- One of the major reasons for this is to make the whole grid more efficient and more transparent in terms of identifying locations where there is congestion on the grid, that then we can spot projects to relieve that congestion.

On the other hand, it's going to identify

1 locations where additional generation -- and to give the
2 whole community of development developers the best
3 signals as to where to optimize generation.
4 Now, philosophically -- not philosophically,
5 but if you stand back, electricity infrastructure,
6 60 percent of the investment is in generation;
7 40 percent is in distribution; 10 percent in
8 transmission. And yet when you have congestion, it
9 really imposes costs, both reliability and economic
10 costs, on California, so that if you're going to -- if
11 you're going to --
12 The one place that is -- the consumer doesn't
13 suffer much is when you have enough transmission. And
14 so that in terms of investment, you get a lot of bang
15 for the buck, if you do it right. And with MRTU and
16 these other improvements, and the way we're planning the
17 grid, is right down the line with, I think, where you're
18 headed, that we're going to get more and more
19 efficiency.
20 And that would include, for example, with
21 existing transmission lines, to re-conduct and to
22 upgrade and not have to go through the agony of doing
23 another line, because nobody likes looking up and see
24 these power lines go ahead.
25 SENATOR DUTTON: I guess where my concerns are

is -- I don't really have any more questions.

Where I'm heading right now, obviously, it's no big secret. California's got a huge deficit problem and so forth. And I think it behooves all of us to take a look at how we can do things better, more efficiently, more effectively. It doesn't mean it necessarily has to be bigger. It just means we have to learn how to do it better, more smart, more efficiently, which is what, to me, the whole thing with the admission of AB 32, greenhouse gases, reductions, and everything else, is try to get us to how we do it more effectively, how we do it more efficiently.

I was kind of hoping we'd be heading in the same direction here, but that's not what I'm seeing happening. I've seen it grow just like with implementation of AB 32 and so forth. Now we're getting the Air Resources Board and everybody else involved in energy, and it just seems like we're not really creating that central area.

So if you do have any ideas, thoughts, or suggestions in how we can do this thing better, smarter, and more efficient, and certainly help save money for the State of California and the rate payers, I would be appreciative. So thank you.

MS. DOLL: Thank you.

1 MR. WILLRICH: Thank you.

2 CHAIRMAN PERATA: Are you still in a different

3 time zone?

4 SENATOR CEDILLO: I'm way in a different time

5 zone.

6 CHAIRMAN PERATA: Not useful here.

7 SENATOR CEDILLO: Just a few thoughts.

8 Going along the lines and kind of the

9 intersection between Senator Dutton and Senator Padilla,

10 I'll just -- The question I just asked my staff is: Is

11 there a need for some other type of directed

12 collaboration that would create more efficiencies?

13 It's puzzling that -- We're pleased, but it's

14 puzzling that it took a crisis for these agencies to

15 interface, but is there a need for some directive to

16 structure collaboration more efficiently?

17 The real question I think is really not so

18 much -- We want efficiencies from government, but,

19 really, to what extent are we designing for our capacity

20 to meet the needs of the economy? Because I think

21 that's the real question. We are a leader in the world.

22 The mandates, the directives, the legislation are

23 models; but at the end of the day, the rubber meets the

24 road of whether or not we are effective enough to meet

25 the needs of the economy and to drive the economy, if

1 you will. I'm interested in your thoughts on those two.
2 MS. DOLL: I'll start with two things. First,
3 the -- I think the legislature has been quite clear,
4 frankly, in the last eight years that agency
5 collaboration must continue. So it's gone beyond a
6 nice-to-have, but it is really, I believe, fundamental
7 now to the way the agencies are operating together. And
8 AB 32 was, you know, the -- one of the most recent
9 examples of that where the PUC has certain roles and
10 responsibilities and so forth.
11 But the other part of this that Mason has
12 already mentioned is, for the first time ever, after we
13 get this new system in place called MRTU, there's going
14 to be a lot better and more transparent -- that's an
15 overused word -- information available to the state.
16 And to address some of Senator Dutton's issues as well,
17 you know: Where are the needs, and what are the costs
18 associated with those needs? What are the pricing
19 impacts?
20 I mean, it's a lofty goal, but it really is
21 much more achievable once there is more granular
22 information about what's happening around the state.
23 So, frankly, I think that's one of the most
24 encouraging new things that will come out of the ISO for
25 its part in this overall state planning scheme.

1 MR. WILLRICH: In terms of the economy, of
2 course we're in this question now about the strength of
3 the economy nationwide. But if you were going to turn
4 that around, and as it turns around, first of all, I
5 would start off with energy efficiency and wringing
6 energy efficiency out of the energy consumer portion of
7 all this, and that goes for driving cars as well as
8 buildings and residential structure retrofitting.
9 And there is -- My impression is the California
10 utilities, the investor-owned utilities and the
11 municipally owned, have strong efficiency programs
12 underway with their various consumer groups.
13 I'm interested to see how -- whether that's
14 mostly, you know, wide and not deep, or whether we're
15 going in and really able to mine out the full
16 opportunity on energy efficiency within the existing
17 infrastructure on the consumer side.
18 Then you come back up, as far as the economy
19 goes, and if and when, and it will happen, that we have
20 a major renewable energy industry that grows up with a
21 lot of it in California, that's going to be a source of
22 what I think is going to turn this situation around, is
23 when employment, jobs are created that are going to be,
24 you know, really good work for all kinds of people in
25 California -- and this would be true in other parts of

1 the country as well -- that will lead in the recovery
2 process.
3 So that's an excellent question, and ISO -- Let
4 me just finish off with ISO. I want to come back to the
5 fact that we have, on my watch with really good
6 leadership on that, we have restructured, reorganized,
7 leaned out and got a really wonderful high-performance
8 team there in place to do a much more -- and also this
9 project and all this happening in the way of how we
10 operate the wholesale markets -- that we are more
11 efficient, and we're going for increasing efficiency all
12 the time.
13 SENATOR CEDILLO: Okay.
14 CHAIRMAN PERATA: Anybody in the audience want
15 to come up and speak on behalf of either? We'll let you
16 represent everybody.
17 MS. HUNTER: Awesome. Good morning, Members.
18 Delaney Hunter on behalf of Stirling Energy Systems.
19 We're a renewable solar developer with two large
20 projects, one in the Mojave Desert, one in the Imperial
21 Valley.
22 We need transmission. We need leadership, like
23 Mason and Laura, and we're pleased to support their
24 nominations.
25 CHAIRMAN PERATA: Thank you.

1 MS. HUNTER: Thank you.

2 CHAIRMAN PERATA: Anyone else? Anyone here in

3 opposition?

4 Entertain the motion.

5 SENATOR PADILLA: Move to confirm.

6 CHAIRMAN PERATA: Motion to approve, Senator

7 Padilla.

8 Call the role, please.

9 MS. BROWN: Senator Cedillo.

10 SENATOR CEDILLO: Aye.

11 MS. BROWN: Cedillo Aye.

12 Dutton.

13 SENATOR DUTTON: Aye.

14 MS. BROWN: Dutton Aye.

15 Padilla.

16 SENATOR PADILLA: Aye.

17 MS. BROWN: Padilla aye.

18 Battin. Perata.

19 CHAIRMAN PERATA: Aye.

20 MS. BROWN: Perata aye.

21 CHAIRMAN PERATA: Four zero. Congratulations

22 both of you.

23 MR. WILLRICH: Thank you.

24 MS. DOLL: Thank you very much, Senator Perata.

25 CHAIRMAN PERATA: You ought to stick around.

1 You'll be on the floor. I mean literally.
2 (Laughter.)
3 MR. WILLRICH: Thank you very much, Senator.
4 CHAIRMAN PERATA: Thank you.
5 Doug McKeever for the Division of Juvenile
6 Programs, Department of Corrections and Rehab.
7 Welcome.
8 MR. McKEEVER: Yes, sir.
9 Good morning Mr. Chairman, Members. My name is
10 Doug McKeever, and I'm before you this morning as the
11 director of juvenile programs for DJJ, and I want to
12 share with you some stories about DJJ and about myself.
13 I'm an administrator. I have been for a very,
14 very long time in state service, over 20 years that I've
15 worked for this great state. What I am not is a
16 political person, so this process is very difficult for
17 me. It's new to me. If I appear a bit nervous about
18 this, there's reasons for it.
19 Rather than read from a scripted statement
20 that's been prepared for me, I thought today I would
21 spend a little bit of time talking to you about myself
22 and DJJ, where I think we're headed, and basically talk
23 from my heart.
24 About a year ago, the secretary and the chief
25 deputy secretary, Mr. Warner, asked if I would take on a

1 challenge for the Department. And at the time, I was
2 the director of mental health for CDCR, enjoyed some
3 success in that role, and was asked to take on a new
4 challenge within DJJ.
5 I did so with open arms and embraced it, not
6 recognizing the challenges that the actual department
7 was facing within DJJ itself. That did not deter me,
8 however, from my passion to see that the youth that we
9 serve are provided with the care they deserve.
10 Our population is small compared to the adult
11 side. I had over 30,000 inmate patients in the mental
12 health program alone on the adult side, whereas DJJ has
13 less than 2,000 youth today. But those numbers do not
14 in any way reference the lack of care that these youth
15 deserve, because they deserve just as much attention as
16 the adult side does.
17 We have some very troubled youth within our
18 system. They've committed some very bad crimes.
19 They're here for a reason, but that in no way diminishes
20 the fact that we have to provide them with the care they
21 deserve while they're in our care with DJJ --
22 healthcare, education, and programs -- so when they get
23 out of our system, they're successfully reengaged with
24 their family and communities and, hopefully, do not come
25 back to us.

1 In simple terms, I looked at this as a parental
2 role. I have three boys at home. I would do anything
3 for those kids, for their success in life, and I believe
4 the same is true with the kids we have in our care at
5 DJJ. We have to apply those same principles.
6 Unfortunately, most in society don't see it
7 that way. Many in society have turned their backs on
8 these kids. DJJ has not. DJJ cares. I care. I want
9 to share with you a few stories that I think exemplify
10 that caring attitude of DJJ and its staff.
11 Back in September, I attended a graduation at
12 Preston, our facility in Ione, in which over 70 of our
13 youth participated in graduation ceremonies, either to
14 get their GED or their diploma from high school. It was
15 an absolutely moving event.
16 At the end of the ceremony, in talking to the
17 parents during the reception, I was amazed at the
18 stories that they would tell about the fact that their
19 child, their brother, their sister, their cousins, this
20 was the first time in their family that they have seen
21 somebody graduate from high school, and they did so
22 within our system. And that's because DJJ cares.
23 Several weeks ago we had unfortunate fires in
24 California, devastating fires in California. We have
25 two fire camps. We had a graduation ceremony at Pine

1 Grove up in the foothills that was taking place, again,
2 graduating kids that are in our care from high school.
3 Some of those kids didn't get to participate in those
4 graduation ceremonies because they were put on the fire
5 lines. Those who did participate, an hour later they
6 got on a bus and stood shoulder to shoulder with other
7 individuals in this state fighting those fires. We
8 provided them with the tools, the experience, and the
9 knowledge to be able to do that, so that not only they
10 could serve in that role with us now, but when they
11 leave our system they can be productive members of
12 society.
13 We have a wonderful program down south at our
14 southern facility. It's called Peace and Unity. It's a
15 program by which youth make commitments that they will
16 not engage in violence. And when they do so for a
17 period of time, they're celebrated, and the community
18 comes in and engages them, and there's a huge
19 celebration that takes place at that facility that
20 encourages those youth to continue to pursue that
21 perspective where they want to change their lives. They
22 do not want to be engaged in violence.
23 I don't mean to point or paint a picture that
24 appears to be extremely rosy. DJJ has a lot of work to
25 do. We have a lot of improvements to continue to make.

1 As recently as the end of October, Judge Tigar
2 issued an order, which if one were to read without
3 understanding the good things that DJJ is currently
4 doing, would think DJJ is falling, and that we're not
5 able and capable of taking care of the kids in our care.
6 Although legitimate issues were raised,
7 personally, I was pleased that the judge decided not to
8 appoint a receiver. That was something we had hoped he
9 would not do, and he did not. He also gave us an
10 opportunity to -- what I believe is an opportunity to
11 reengage with the court, provide our commitments to the
12 court on how we are going to satisfy the remedial plan
13 items that we've identified five to six years ago when
14 those plans were developed. Establishing our
15 credibility is how I see that right now. It's our
16 opportunity to do that.
17 I was put in charge of preparing our responses
18 to the court. Those responses indicate to the judge how
19 we're going to move forward, the processes that we are
20 going to take, how we're going to identify dates and
21 make commitments to achieving those dates. And if we
22 cannot meet those dates, be able to communicate not only
23 with the judge, but with the PLO and other stakeholders,
24 why, and what steps we're going to take to meet the
25 issues that we've encountered that may preclude us from

1 achieving those dates.

2 One of the things I wanted to highlight today

3 is not a lot of data. I've got data that I can share

4 with you. After this, I would be happy to leave it with

5 you. But I want to put in perspective, I think, some

6 things that DJJ has done recently that prove we care.

7 I mentioned a little bit about education.

8 Education is a glowing example within DJJ of how we're

9 making improvements. Our last academic year, we had the

10 most youth who went through and got and received a GED,

11 who received a diploma, who received a vocational

12 certificate, and those who enrolled in college courses.

13 Violence in our facilities is way down. I

14 wasn't around back in '05-'06, but from what I

15 understand violence in our facilities was pretty doggone

16 bad.

17 Today when you walk in a facility, it's much,

18 much better than it was. Is it where we want it to be?

19 No. Do we need it to improve? Yes. But it's a lot

20 better.

21 We are taking efforts to work with experts to

22 increase our ability to deal with our mentally ill,

23 specifically in the area of suicide. We've worked with

24 the experts, and they've approved policies for us now

25 that we will be rolling out in the new year that will

1 help our staff become better involved and engaged in
2 training on the signs and symptoms so that we can ensure
3 we are providing the care that is needed to those who
4 are mentally ill in our system.
5 Healthcare in our system is improving. The
6 experts gave us in our second round of audits a
7 71 percent substantial compliance rating. We are
8 constantly improving upon that. As recently as a month
9 ago, the experts were at our Preston facility doing a
10 medical audit, and we got word from them that our
11 substantial compliance rating up there is now going to
12 be at 85 percent. We are making incremental steps
13 forward in changing the system.
14 We are rolling out a program Service Day. The
15 program Service Day acknowledges that our kids need a
16 lot of care, that education is important, that programs
17 are important, that healthcare is important. But what
18 happened in the past was a competing force where all of
19 those disciplines wanted to pull kids out of school to
20 go to programs or to healthcare. What we're now doing
21 is developing schedules at each facility that we're
22 going to be rolling out in the new year that account for
23 all of the needs these youth have to participate in, and
24 those schedules will allow those youth to attend school
25 and at the same time engage in the programs that they

1 need.

2 Lastly, our culture. Our culture is changing.

3 We are providing our staff with a wealth of training

4 which is allowing them to understand the reform efforts

5 that we are undertaking right now.

6 I'll point to you an example that I had after

7 one of our staff attended a motivational interviewing

8 course. And it was a cook in one of our facilities.

9 And the cook went through the training and after the

10 training talked to the instructor and suggested to the

11 instructor that they now have a better understanding of

12 their role in DJJ, that they're just not there to

13 provide meals for the kids, that they're there to engage

14 our youth, talk to our youth. They now know how to talk

15 to the youth. And if those youth need care, they know

16 now it's their responsibility to reach out to others

17 within the Department to communicate that need so that

18 youth's needs can be taken care of.

19 CHAIRMAN PERATA: Thank you.

20 Any questions?

21 SENATOR DUTTON: Just a couple.

22 SENATOR CEDILLO: I think you have a

23 transmission problem.

24 SENATOR DUTTON: Must be it doesn't want me to

25 talk.

1 Using the term "juvenile," within the
2 Department of Juvenile Justice is 12 to 24 age. And how
3 many people in the system are over 18? Percentage-wise,
4 or off the top of your head if you want.
5 MR. McKEEVER: I think our average age in DJJ
6 is roughly 19.
7 SENATOR DUTTON: So most of the people in the
8 system -- how many of them are under --
9 To me, a true juvenile is somebody under 18, so
10 how many kids do we have that are actually under 18?
11 MR. McKEEVER: I don't have the exact count,
12 Senator. I know that one of our facilities in the
13 Stockton complex, which is O.H. Close, is designed
14 specifically for those under the age of 18, so we have a
15 little less than 200 youth at that facility.
16 SENATOR DUTTON: Actually, what we need is --
17 So population under 16, you have roughly 193 offenders.
18 Total population is 1987. I guess what I'm concerned
19 about is: For the programs for those that are over 18,
20 for example, technically, under California law, they're
21 legal adults at that point. They can do a lot of
22 different things. They can enter into binding
23 contracts, they can -- they don't have the same
24 protections and everything as children or young people
25 who are under the age of 18.

1 Once you go through your rehabilitation program
2 and so forth, do you have -- and you teach them a skill,
3 I'm assuming a marketable skill, do you also have some
4 assistance to give them for actual placement in
5 employment? Do you -- How far do you go to actually
6 make sure they actually do get a job?
7 MR. McKEEVER: Well, the Department is engaging
8 in reentry efforts right now where we have individuals
9 who are reentry coordinators in all of our facilities.
10 And part of their role is to ensure that not only from a
11 program perspective, but from a job perspective, that we
12 try to, as much as we can, to get them reengaged back in
13 their community once they're released from our care.
14 SENATOR DUTTON: I understand that, but if we
15 don't do something to give them an actual job, somebody
16 who is willing to hire them, then the chances of them
17 being successful on the outside is very slim, because
18 they'll generally go back to what they did before.
19 MR. McKEEVER: Senator, I think those are one
20 of the areas that DJJ can be making some improvements
21 upon and be much more proactive in engaging with the
22 outside community to try and have placement
23 opportunities for our kids.
24 We do have agreements with trade unions on our
25 vocational side that the instructors that we have

1 currently in things such as masonry and carpentry work
2 have relationships with the trade unions on the outside
3 of the Department. And when they can, they do place our
4 kids when they know they're coming out. And I know some
5 of our youth have been placed in those opportunities
6 when they present themselves.
7 SENATOR DUTTON: Thank you.
8 CHAIRMAN PERATA: I just have -- I'm perplexed
9 at why the Department just had a director of education
10 uncovered for four years since what you're suggesting is
11 that's the focal point and purpose for what you're
12 doing.
13 MR. McKEEVER: Sir, it's well-documented that
14 that position has been vacant for a very long time.
15 CHAIRMAN PERATA: Probably why I found out
16 about it.
17 MR. McKEEVER: When I started back in January,
18 it was my commitment to get that position filled, and I,
19 with diligent efforts, went through a recruitment effort
20 to do so.
21 Unfortunately, the applicant pool that we had
22 was not such that we believed they were going to be
23 well-suited for that very, very important role. So as a
24 result of that, I've, as recently as a month ago,
25 appointed an individual as the acting superintendent of

1 education.

2 I worked with our education experts before this

3 decision was made to ensure that they were aware of who

4 I was bringing in. They concurred with the individual.

5 She's been now in that position for a month. While she

6 is now running that department, I am reengaging in an

7 effort to go back out and recruit nationally to fill

8 that important role.

9 CHAIRMAN PERATA: Maybe with the job market in

10 the next year, you'll have more luck.

11 MR. McKEEVER: I'm hoping so, sir.

12 CHAIRMAN PERATA: We were just noticing that

13 you've got a whole bunch of -- 20 percent of your wards

14 are on psychotropic drugs.

15 MR. McKEEVER: Yes, sir.

16 CHAIRMAN PERATA: That says a lot.

17 What troubles me is, and it's -- we talk about

18 a lot of stuff, and I realize -- and I see that Matt is

19 here -- you've got a really, really impossible situation

20 in California Corrections, and it's probably made more

21 complicated by our help.

22 But you have -- You may have the only agency

23 that I can think of as having direct involvement of all

24 three branches of government. I don't know that that's

25 a compliment, but that's a fact.

1 A lot of the kids from YA or -- what we used to
2 call it; it's given a different name now -- most of the
3 people that are there probably come out of inner cities.
4 I represent Oakland and Richmond. And it is
5 extraordinarily important that you take the "We Care,"
6 which sounds like, frankly, a marketing device, and try
7 to move more forthrightly into the direction of getting
8 kids some fundamental education, because we see when you
9 come out of the adult prisons, the average reading age
10 is pathetic. It's functionally illiterate.
11 And having taught for a while myself, I know
12 the lack of ability on the part of a young person to
13 communicate orally, or particularly in writing, can be a
14 very -- is a source of frustration and anger, and they
15 cover up, and they don't want to be discovered.
16 So I think whatever can be done should be done
17 in getting that position filled, and I compliment you
18 on -- you know, violence is down and the culture
19 changing.
20 But maybe the best point you can look at is how
21 your reentry programs are functioning, because we've
22 done some things in Oakland, and it's pretty clear that
23 there's no paucity of ideas. It's kind of hard to get
24 everybody coordinated and doing the same thing. But
25 it's really those kids who are coming out.

1 So if you've got these reentry coordinators --
2 I don't know how they function, and I don't want to tell
3 you how to do your job. People have been a little
4 critical of us lately about having to do our job, or
5 don't, but what I would urge you to think about is at
6 least if you have to start somewhere to get your arms
7 around it, look at the reentry and how the educational
8 programs that you have fit that, because these are the
9 kids that come out and go back, and they go out, and
10 then they come back as an adult, so they kept acquiring
11 skills. And as dangerous as it is to have these people
12 inside, it's a lot worse when they're outside. If they
13 come back with the deck stacked against them, they're
14 going to be wards of the state forever.
15 I don't know how much -- If you've got
16 20 percent of your population on psychotropic drugs, you
17 know, in the old days it was Thorazine, good luck, God
18 bless, but there are a lot of people around who are able
19 to function with drug-induced behavior, legitimate, of
20 course, or that the FDA says is okay. So I would just
21 urge you to do whatever you can.
22 Mr. Cate, this is probably more directed to
23 you, but it is the desperate lack of practical
24 educational skills and practical skills, you know, we
25 have more and more kids now that -- I don't know. You

1 get a lot of stuff in our iPod, and you get a lot of
2 stuff, I guess, in XBox with how to use a checkbook or
3 open an account -- no banks right now, but all of those
4 very simple things are things I encourage you to look
5 at, because in my experience in talking to some of these
6 kids, a lot of them are hiding out. A lot of them don't
7 want to be there. They're not any help. So end of the
8 sermon.
9 Anybody here that would like to speak? It's
10 funny. I thought you might have been here to speak.
11 You're not going to read the whole binder.
12 I'm sorry, Gil. Go ahead.
13 SENATOR CEDILLO: This is something -- a
14 commendation that all of us have, the admiration that
15 all of us have for you taking the job, given your
16 background, experience, and expertise. We all recognize
17 and I personally recognize how difficult your job is and
18 appreciate you doing it.
19 Having said that, I just want to do a couple
20 things. I'm looking at the findings and facts and
21 conclusions that the court came out with. I found them
22 to be somewhat in stark contrast to your presentation,
23 and I recognize, as the senator said, there are people
24 who are not doing what we do, we don't quite understand
25 it and at times can be hypercritical, so I'll let you

1 determine that.

2 But can you reconcile your comments with the

3 fact that the court has concluded that in this area,

4 that we are abysmal and we remain abysmal, that's their

5 word, and that they've put together a plan that we have

6 yet to follow. So that's one. And if we're not

7 following the plan, what are the challenges that affect

8 us?

9 The second is I am interested to hear a little

10 more about your exit strategies, or the reentry

11 strategies, and how you link them to other services in

12 the agencies that the state provides so that we can

13 ensure not only they not return, but we don't find these

14 people moving into the streets, that there's some bridge

15 so they don't move out of your facility into the streets

16 of L.A. or Sacramento, you know, locations throughout

17 the state where young people will go if they don't have

18 the resources.

19 I'm interested in what your thoughts are on

20 what we could do to assist you in being more successful,

21 and particularly I'm interested in, as we all are, the

22 budget and the cost; to the extent it's appropriate for

23 you to have 20 percent of your population dependent on

24 drug therapy, and would they more appropriately be

25 placed somewhere else.

1 Is that really your job, or should someone else
2 be addressing their mental health needs? And is that
3 the appropriate placement, or are we just, by structure
4 and design, having more of an adverse effect on these
5 young people as opposed to having them, perhaps, in the
6 community but linked to treatment in the mental health
7 community?
8 MR. McKEEVER: Senator, I think you've raised
9 three points, so let me try to touch on each of them
10 individually, the first being not --
11 (Technical difficulties.)
12 (Pause.)
13 MR. McKEEVER: You okay? All right. Is my
14 time up?
15 -- not following the plan as indicated by the
16 court. And I think there are some very stark contrasts
17 compared to what I have communicated today on some of
18 the progress that I believe DJJ has made and those
19 referenced in the court's order.
20 I participated in the order to show cause
21 hearing back in April and May in which DJJ testified in
22 front of the judge to some of our successes, many of
23 which are based upon data that is derived specifically
24 from the court experts that he appointed.
25 Why the judge chose not to include those

1 examples in his report, I'm uncertain of. I wish that
2 he would have done so, because it would have been, I
3 think, a more balanced view of the fact that: Are we
4 great at what we are doing? No, we are not. Do we need
5 to improve? Yes, we do. Are we making progress? Yes,
6 we are.
7 So from my perspective, I think the story is a
8 bit more balanced than what one would read if they were
9 only to look at that particular order.
10 I am encouraged at the fact that in December we
11 have a hearing scheduled with the judge at which time
12 we'll be able to discuss with him, I think in more
13 detail, our plans that we submitted last week on how we
14 are going to reengage and be recommitted to this effort
15 not only in meeting dates that they like to point to,
16 but also what have we done within the system that has
17 generated positive outcomes. And incrementally, over
18 the last three years, we can demonstrate where we have
19 made those progresses.
20 As far as linking and reentry -- excuse me --
21 the Department is getting engaged in many, many efforts
22 recognizing that reentry is a viable piece of the
23 continuum of care for our youth. Having the reentry
24 coordinators is certainly going to go a long way to
25 assisting the youth getting back into their communities.

1 Family engagement is a big component of DJJ.
2 We are embracing the family engagement processes. We're
3 rolling out efforts within all of our facilities to have
4 families be more of a part of the youth's programing so
5 they understand what it is they are receiving and why,
6 and what those services are that they're going to need
7 once they leave us so we don't just drop them off at the
8 door step and they don't know what to do with them.
9 Are we there to a point where I can articulate
10 clearly everything that we're going to be doing? No. A
11 lot of it is a work in progress, but it is an area that
12 we have a high priority on.
13 Thirdly, relative to cost, we could probably
14 spend a great deal of time speaking about the cost of
15 care within DJJ. I think it's been well-documented by
16 many, including the recent little Hoover Commission
17 report, that it's very expensive to manage this system.
18 There's a host of reasons for that. We have
19 antiquated facilities; our population has gone down; our
20 living unit sizes have to go down by court order. We've
21 had to increase staff. Those staff, frankly, are the
22 best paid staff in the nation, be they on either side of
23 the equation, the correctional side or the professional
24 side, and all of those things contribute to a high cost
25 rate for us. You throw into that the fact that we have

1 a very high-risk and high-deemed population, and it
2 makes our job very, very complicated.
3 So whether or not we can effectively look at
4 some of our youth and say they can be better served in
5 the community, I would suggest that a further analysis
6 would need to be done to determine that. Many of our
7 youth might be better served in the community. The
8 question would be: Does the community have the services
9 available today to provide the care they need in an
10 environment which is safe.
11 Unfortunately, many of the kids that we have
12 are in there for reasons that it's such that they
13 require a higher degree of oversight. Whether the
14 counties have the ability to provide that oversight I
15 think is a debate that still needs to be had.
16 I hope I have addressed all three of your
17 questions.
18 SENATOR CEDILLO: You have. I appreciate that.
19 Let me ask you one last thing with respect to
20 innovation.
21 Have you guys looked at -- The charter schools
22 seem to be having a lot of success with the more
23 challenged. Have you guys looked at partnerships with
24 those successful schools that have proven to be
25 successful with the more challenged youth of our city?

1 MR. McKEEVER: I have not, and I appreciate
2 that suggestion, and we'll look into that.
3 I have worked with the county offices of
4 education. I have established relationships with the
5 deputy superintendent of education here in Sacramento,
6 Mr. Marty Cavanaugh, but have not reached out beyond the
7 local districts. So I think that's a wonderful idea
8 that I will pursue.
9 SENATOR CEDILLO: The last one is, again, just
10 some of your comments on the building trades, the
11 apprenticeship programs.
12 We saw a short film recently on very successful
13 efforts of training ex-gang bangers into very high-
14 productive, high-paying, high-wage jobs. What are you
15 experiences with that?
16 MR. McKEEVER: I'm not familiar with the video
17 that you're referencing, Senator.
18 SENATOR CEDILLO: What experiences do you have
19 with the trades in terms of integrating people who are
20 exiting?
21 MR. McKEEVER: Personally, my experience, I
22 don't have any, sir. My reliance is on the schools and
23 the sites and the professionals that provide those
24 services at those sites.
25 What I do bring to the table is the ability to

1 reach out and engage those local individuals and
2 entities and let them become aware of the fact that we
3 have folks who are skilled and trained and that could
4 use jobs once they come out of our system.
5 SENATOR CEDILLO: Okay.
6 CHAIRMAN PERATA: (To the reporter): Do you
7 need a break?
8 THE REPORTER: Yes.
9 CHAIRMAN PERATA: We're going to take a
10 few-minute break. She's new here. We'll take a
11 ten-minute break, please.
12 (Recess taken.)
13 CHAIRMAN PERATA: We'll reconvene.
14 MR. WARREN: My name is David Warren. I'm
15 appearing on behalf of Taxpayers for Improving Public
16 Safety.
17 When I was asked to be here today, we faced the
18 conundrum of either supporting or opposing based on the
19 problem of whether or not this nominee was the
20 unfortunate captain of the Lusitania that was
21 desperately trying to fix the hole put in by a torpedo,
22 and the captain of the Bismarck waiting to be torpedoed
23 by the British because it was going around in circles.
24 MR. McKEEVER: I don't know that I like either
25 one of those.

1 MR. WARREN: Regretfully, I see too many
2 graduates of DJJ as a chaplain in the state prisons.
3 The recidivism rate for DJJ graduates seems to be
4 extraordinary. I see too many mentally ill young people
5 that come from DJJ after being paroled, and they are
6 still walking around on psychotropic drugs in the yards.
7 They have not progressed significantly. Their literacy
8 is nonexistent, if at all, and they have no apparent
9 skills other than barely able to take care of
10 themselves.
11 On behalf of Taxpayers for Improving Public
12 Safety, we believe the debate should not be whether or
13 not this nominee be confirmed, but whether or not there
14 should be a DJJ.
15 We hope at the next session we'll take a look
16 at whether or not DJJ should be abandoned in its
17 entirety and matters returned to the counties, or for
18 smaller counties into centralized facilities shared by
19 the counties to keep people close to their families for
20 those that need it and to provide mental health care in
21 common facilities for those that cannot receive it in
22 the current DJJ environment.
23 Clark Kelso's report and recommendations do not
24 apply to DJJ, and they are in as desperate need as the
25 state prison system.

1 For that, I thank you very much for your time.
2 CHAIRMAN PERATA: Thank you.
3 Anyone else?
4 Well, I'm not going to be able to come back and
5 watch over you. I have to entrust you to the rest of
6 these guys. Good luck.
7 MR. McKEEVER: Thank you, sir.
8 CHAIRMAN PERATA: I won't even ask you to
9 close.
10 You already spoke. Did you have any questions?
11 SENATOR DUTTON: No. I'm fine.
12 CHAIRMAN PERATA: Motion to approve.
13 Call the roll.
14 MS. BROWN: Senator Cedillo.
15 SENATOR CEDILLA: Aye.
16 MS. BROWN: Cedillo aye.
17 Dutton.
18 SENATOR DUTTON: Aye.
19 MS. BROWN: Dutton aye.
20 Padilla.
21 SENATOR PADILLA: Aye
22 MS. BROWN: Padilla aye.
23 Battin.
24 Perata.
25 CHAIRMAN PERATA: Aye.

MS. BROWN: Perata aye.

CHAIRMAN PERATA: Congratulations.

MR. McKEEVER: Thank you very much.

CHAIRMAN PERATA: Our last guest this morning is Terri Takai, the Chief Information Officer, State of California.

Welcome.

MS. TAKAI: Thank you.

CHAIRMAN PERATA: Brought the boys with you. That's good.

MS. TAKAI: Yes, I have the cheering group here, so....

CHAIRMAN PERATA: You guys behave. Think of this as a court of law.

MS. TAKAI: Thank you, sir.

First of all, I just want to thank you for having me this morning and tell you how much I appreciate being here.

Let me just keep my opening remarks rather short and just talk about what my intention is and why I'm here. I think the question always comes, and that is, "What is the role of the Office of the State Chief Information Officer?" and what is it that is my intention in terms of the information technology program for California.

1 Put just simply, my objective is to really make
2 California a leader in the use of information technology
3 across the states and in government. I think we have a
4 great start and a great opportunity to do that, but we
5 have a considerable amount of work that we can do.
6 What does that mean? What does being a leader
7 mean? Being a leader means we deliver consistent and
8 reliable and efficient and effective information
9 technology, and that means several things: First of
10 all, that we do that for our state agencies and
11 departments so that we can ensure they're using the
12 technology effectively. It means we're making the
13 information accessible to systems and to our businesses
14 in a way that's reliable, but also that's secure, and we
15 do it in a way that is efficient so that we are ensuring
16 that our technology investments are affordable,
17 particularly within these difficult budget times.
18 To do that, my role is to coordinate across
19 over 130 CIOs that we have today in the state of
20 California. Everywhere from our very large agencies,
21 Health and Human Services, and areas like
22 transportation, but also with many of the smaller CIOs
23 that are responsible for many of our boards and
24 commissions, to work closely with the Department of
25 Technology Services and the Office of Information

1 Security and Privacy Protection to focus on very
2 cost-effective technologies we can use statewide.
3 And that is really also a major part of what
4 I'm focused on, and that is making sure the technologies
5 that we use and the way we address technology is
6 statewide, that we're not looking only at individual
7 projects and individual utilization of technology, but
8 what we can do to share that technology both in terms of
9 making information more accessible, but also in terms of
10 being the most cost effective.
11 So with that, what I would like to do, then, I
12 think, is to take questions, please.
13 CHAIRMAN PERATA: I see you're a graduate of
14 University of Michigan.
15 MS. TAKAI: Yes, I am.
16 CHAIRMAN PERATA: They suck this year.
17 MS. TAKAI: I know, I know. Let's not talk
18 about the Ohio State game.
19 CHAIRMAN PERATA: I wasn't speaking of anything
20 specific.
21 Let me ask you a couple of things. What's your
22 assessment of the status of the technology that is
23 available in California? How far behind are we?
24 MS. TAKAI: Well, I think in terms of the
25 actual technology that we're using, we actually are not

1 far behind.

2 I am concerned about the budget situation

3 coming up, because we do have some underlying technology

4 that will have to be renewed.

5 I think the challenge that we have is the way

6 that we're actually utilizing and spending our

7 technology dollars. We're doing a lot of different

8 things, and we're doing a lot of the same things in

9 different ways, and that causes us complexity, it

10 increases our cost, and it doesn't allow us to actually

11 get the maximum benefit.

12 The other thing I think is that we're facing,

13 over the next five years, a potential attrition. Over

14 50 percent of our work force will be eligible to retire,

15 and that is going to cause us a significant set of

16 problems in terms of being able to keep our old

17 technology running.

18 We have many projects underway to renew that

19 technology, but I think we're going to have to get the

20 skill set in place and then continue with the projects

21 that are currently on the books, and then be able to

22 ensure that we can get those completed.

23 The one area that I would say that we're

24 struggling with, and this is true -- I'm not saying

25 we're behind, Senator, because all the states are

1 struggling -- and that is to make sure that all of our
2 technology is in very secure facilities.
3 One of our challenges is that technology is
4 pervasive, and most of our agencies and departments
5 can't run without it, and yet we don't have it in
6 facilities that can withstand some of the natural
7 disasters, certainly, that we have to be careful of
8 here. So
9 that is one of the areas as well that I'm quite
10 concerned about.
11 CHAIRMAN PERATA: Our prison system, is that
12 part of your jurisdiction?
13 MS. TAKAI: Yes, sir.
14 CHAIRMAN PERATA: We still don't have records
15 that are electronic, do we?
16 MS. TAKAI: No. There are several projects
17 underway right now. I think the Department of
18 Corrections has made really tremendous progress in --
19 CHAIRMAN PERATA: You don't have to do that.
20 MS. TAKAI: Okay. That's still true. That is
21 still true. They have been working on upgrading their
22 technology, your prior question. They have done a lot
23 with some projects, particularly, for instance, with
24 parolees in many areas. They have two very large
25 projects on the books right now. One to improve their

1 back end, just accounting and purchasing systems, which
2 I think they're making major progress on, and then --
3 CHAIRMAN PERATA: That's why Gil went over to
4 India, to check to see how that was going.
5 MS. TAKAI: And then with the receiver, I think
6 is the one you're most interested in, and that's the
7 offender management system. And that is one, even
8 though it is with a receiver, that we're working very
9 closely with them on, because at some point that system
10 will come back and be the responsibility of CDCR.
11 CHAIRMAN PERATA: When you talked about
12 security, you were talking about physical security.
13 What's your relationship to privacy?
14 MS. TAKAI: Well, my main focus is working with
15 the Office of Information Security and Privacy
16 Protection. Certainly, their role is to look at, on the
17 privacy protection side, how to best inform the
18 consumer, how to best inform businesses.
19 My role is to make sure that we are
20 implementing the policies of the Office of Information
21 Security in the technology to make sure there's nothing
22 in the technology that is going to risk the privacy of
23 the information that we are responsible for as the
24 state.
25 CHAIRMAN PERATA: I'll come back to it.

1 Oh, I want to know if you ever met Joe Cimetti.
2 MS. TAKAI: Yes, I have, and he's very
3 interested in education data, and that's an area that
4 we're going to be working very closely with him on.
5 CHAIRMAN PERATA: The little chips you put in
6 your brain.
7 MS. TAKAI: Yes, he is very concerned.
8 CHAIRMAN PERATA: You know Joe.
9 SENATOR CEDILLO: Or a cell phone, right.
10 CHAIRMAN PERATA: Yeah. Go ahead, Gil.
11 SENATOR CEDILLO: In May of 2005, the Federal
12 Real ID Act was signed into law, so I'm interested in
13 your role in implementing the Real ID Act.
14 MS. TAKAI: Well, my role is in several areas.
15 One is that it's my responsibility to work very closely
16 with the Department of Motor Vehicles to ensure that the
17 technology projects that they have put in place in order
18 to be able to comply with Real ID are on schedule and on
19 target, and that we're providing the adequate oversight.
20 The second area that I'm working with them very
21 closely on is, there are two national associations that
22 you are probably aware are very concerned about, as we
23 bring these data together, how are we going to look at
24 them on a national scale to make sure we have privacy
25 and protection as we're sharing this information.

1 I'm working with Director Valverdes with the
2 Anvil organization, but the National Association of
3 State CIOs also has a working group. What we're trying
4 to do is to really determine, I think as you're well
5 aware, Senator, the federal government basically left it
6 up to the states to determine how to do that
7 implementation, and that's a challenge because each of
8 the 50 above have a different way of doing it.
9 So what we're working on now is to see where
10 the feds are going to go next and then to determine how
11 we're going to coordinate to make sure that when we're
12 sharing that data nationally, again, we're doing it in a
13 way that doesn't jeopardize our own individual state's
14 information.
15 That is a concern, because we put a lot of
16 time -- the Department of Motor Vehicles has put a lot
17 of time in securing their information. They don't want
18 to open it up to another state and have it be a security
19 issue.
20 So those are the areas that are my role in
21 making sure the technology supports what the Department
22 of Motor Vehicles is going to be doing as it relates to
23 complying with Real ID.
24 SENATOR CEDILLO: All right. Now, we have
25 higher standards than most states, so talk to me about

1 the challenges of working with these other states that
2 have lesser standards. Are you looking for a bottom
3 line, an average, or ensuring that our high standards
4 are at least respected by the other states?
5 MS. TAKAI: It's really the latter. What we
6 want to make sure is that our high standards are
7 respected.
8 The second thing is that just in technical
9 terms, we want to make sure that that exchange of
10 information is very secure. We want to make sure that
11 in that exchange of information, there's no way for a
12 state that's less secure than us to actually be able to
13 get in and utilize the information in a way that's not
14 secure. So there are ways where we can connect systems,
15 even though they're not as secure, but we have to make
16 sure that that connection is very secure.
17 SENATOR CEDILLO: Okay. With respect to our
18 side, at this point what's the -- We know that the DMV
19 database, computer system, that's developed evolved over
20 time. It's an organic system. Let me say that.
21 In your opinion, what's the largest obstacles
22 for us in terms of implementing the technological
23 requirements to effect Real ID?
24 MS. TAKAI: I think it's that it's just -- in
25 sort of very simple terms, there are a lot of technology

1 projects at DMV that have to be successful, and the
2 challenge is that for all of our agencies and
3 departments, they haven't done this number of technology
4 projects in a long time.
5 So what we're doing is we're being very
6 cautious on the project management to make sure they
7 have good skills to implement those projects. Also,
8 that we're watching how large those projects get and
9 that they're focused on the business requirements of
10 Real ID, because, again, one of the challenges is
11 projects in California by their very nature are big, and
12 they have to stay very focused on objectives, and they
13 have to stay very focused on making sure we're making
14 the most of the dollars that you have given us that you
15 have allocated to those projects.
16 SENATOR CEDILLO: With respect to this question
17 of information sharing, it says the states have to share
18 information, but in your discussion, are we talking
19 about us delivering or turning over or making available
20 to other states the entirety of our database, or simply
21 responding to inquiries that are specific to --
22 MS. TAKAI: The way the federal regulation is
23 laid out today, it's for specific information. It does
24 not mean that we have to open our databases for complete
25 access by other states. And that's the area where we

1 want to make sure that we're complying with only that
2 specific information and that we're not necessarily
3 letting other states come into our database, but rather
4 they request the data that they want, and then we
5 transfer that. And it would be the same. It's
6 reciprocal. When we want information, we would be
7 expecting the same.
8 The one big open question, Senator, that we
9 still have not got a good perspective on from a federal
10 perspective is whether the federal government is going
11 to be looking at the creation of a national database
12 where we would feed that information, or where the
13 information would just be an exchange.
14 And that's one of the areas where we want to
15 continue to work with them, because there is always the
16 concern whenever you create a federal database, what the
17 controls would be, what the states would be able to say
18 in terms of input, and how the states would be able to
19 control the security.
20 So those are the areas that are going to be
21 evolving going forward, and I think we need to be a
22 major part of that decision.
23 SENATOR CEDILLO: We have a new President-
24 Elect, and we have a new director of Homeland Security.
25 Are there any thoughts on how these changes will affect

1 us moving forward, particularly given the fact that the
2 new President-Elect was very affirmative about his
3 support for issuing licenses to a motorist? He had
4 voted for that as a state senator, and he was very
5 affirmative, particularly during the debates. It wasn't
6 much of an issue in the general campaign, but in the
7 primary it was an issue for which he distinguished
8 himself. What are your thoughts on that?
9 MS. TAKAI: Well, from a technology perspective
10 as it relates, certainly not just to Real ID, but many
11 of the other areas, we're very much hoping that the
12 President-Elect, first of all, really recognizes the
13 importance of information technology in government. We
14 haven't seen that, quite frankly, at a national level in
15 a way that we would like to.
16 SENATOR CEDILLO: It seems given the nature of
17 his campaign, that he's fully appreciative of the value.
18 MS. TAKAI: Exactly. Exactly. We hope also --
19 certainly, in terms of the President's office.
20 On the Department of Homeland Security, what
21 we're going to be pressing for, particularly through our
22 national association, again, is not only a stronger
23 recognition of all of the technology, but also a
24 stronger recognition of the need to work more closely
25 with the states.

1 There tends to be just general mandates coming
2 down without much input back. There are many other
3 areas. For instance, cyber security, one of the
4 challenges DHS has had in the past is they've had
5 multiple czars in their organization, and it's made it
6 very hard for the states to actually be able to go in
7 and influence the kinds of things that they're asking us
8 to do.
9 So those are the areas that we're providing
10 input, certainly as best we can, into the transition
11 teams and into our association and the things we're
12 going to be focusing on.
13 SENATOR CEDILLO: Anything prevents us from
14 moving forward with -- we have to do conformity language
15 or compliance language. Anything that holds us back
16 from moving that forward?
17 MS. TAKAI: Not to my knowledge. Again, I'm
18 not intimately involved in all of the areas that DMV's
19 working on from a policy perspective. But certainly in
20 terms of the technology, my understanding in working
21 with Director Valverdes is they're moving along towards
22 material compliance, and we'll be able to meet the
23 required data.
24 SENATOR CEDILLO: I appreciate your
25 participation in all these bodies. Are you a member of

1 the national CIOs?

2 MS. TAKAI: Yes. In fact, I'm the past

3 president. Two years ago, I was the president of that

4 organization.

5 SENATOR CEDILLO: When you were in Michigan?

6 MS. TAKAI: Yes, when I was in Michigan. Yes.

7 SENATOR CEDILLO: I think that's it. Thank

8 you.

9 MS. TAKAI: Thank you.

10 CHAIRMAN PERATA: I want to congratulate you.

11 You got out of Ford Motor Company just in time.

12 Alex?

13 SENATOR DUTTON: I just got a couple of

14 questions.

15 SENATOR PADILLA: Go ahead.

16 SENATOR DUTTON: Regarding some of the process

17 we're going through right now, the LEO report indicated

18 that our IT projects usually end up costing about

19 50 percent more than the original estimate. That would

20 make me feel that we're not very good at estimating, or,

21 you know, maybe it just was -- maybe cost more, period,

22 and somebody didn't want to tell us.

23 What are your thoughts on that? What is the

24 reason that we seem to be having such a hard time on

25 grasping the actual cost of doing our IT programs?

1 MS. TAKAI: I think there's a number of things.
2 I do think one of them is -- to the point you're making,
3 Senator, is the way our project approval works. We're
4 actually trying to define what we expect a project to do
5 way in advance of, actually, the point in time we start
6 working on the project.
7 So the estimating process for us is very, very
8 difficult, and it's very difficult to know exactly where
9 we're going, how that project is going to proceed.
10 That's one of the reasons why we're looking to actually
11 implement a more phased approach to some of our large
12 projects, where you have defined deliverables, you can
13 see those and then move on to future phases. So some of
14 it is on estimating.
15 The second thing, I think, is just a question
16 of stronger project management. That is one area that
17 we need to continue to grow.
18 One of the issues with IT projects is that
19 they're not actually purely about the technology.
20 They're about what the agency or department wants the
21 technology to do. And once that project gets started,
22 we keep adding things that we'd like that technology
23 project to do, and we have to be able to control that
24 within the dollars and scope that we have.
25 So I think it's a challenge in estimating, but

1 I think it's also a challenge in staying and being
2 realistic about within the dollars that we have, you
3 know, coming in the budget, what can we deliver, and
4 then being able to provide that as a feedback mechanism
5 to you so that you know how those dollars are being
6 spent.
7 SENATOR DUTTON: I hope you appreciate those of
8 us who will be here after December 1st are going to be a
9 little apprehensive, because we are trying to get a
10 handle on things. And when you have a cost that exceeds
11 over 50 percent over what was originally presented, that
12 creates some really unique challenges.
13 To that end, who should we hold responsible for
14 those overruns? Should it be the departments
15 themselves; should it be you? Whose responsibility is
16 it? Who do we look to? It's not me. I'm
17 obviously just -- You're reporting, and I'm buying off
18 on what you're saying. So who do I hold accountable?
19 MS. TAKAI: Well, I have responsibility for the
20 oversight, certainly, of those projects that you
21 approve. So it's my responsibility to make sure we are
22 coming back and reporting to you on the status of those
23 projects and that we're working on any remediation
24 that's required. What I am responsible to do is to go
25 back to that department or agency that's having

1 difficulty with the project and work with them to get
2 that project back on track.
3 So, again, it's my responsibility, because I
4 have the oversight, I approve those projects, and it's
5 my responsibility to go back and work with the
6 organization that's having the difficulty to be able to
7 rectify that.
8 SENATOR DUTTON: Final area has to do with
9 Internet protocol version. We're using 4. Most people
10 are. It has limited capability. Most governments,
11 including the federal government, have gone to 6. Are
12 we going to be able to interface? Are we right now so
13 far behind the curve that we all of a sudden have a
14 system that's obsolete before we can get it up and
15 running?
16 MS. TAKAI: No, we aren't. Actually, the
17 federal government has directionally put in place the
18 requirement to move that way. But right now, we're
19 using about 70 percent, give or take, of the available
20 IP-4 addresses that we have. And the approach that we
21 use actually is to take those addresses and be able to
22 expand them.
23 So we believe, first of all, that the move to
24 IP-6 is going to take quite a bit longer than was
25 necessarily originally projected, number one. Number

1 two, the equipment and the manufacturers that we are
2 using are planning for a gradual move so that there will
3 be an ability to move from IP-4 to IP-6. And then
4 thirdly, those same manufacturers are building
5 interfaces, if you will, between those two technologies
6 so we will be able to migrate gradually over time. We
7 will not have a situation where we're faced with needing
8 dollars to be able to move from IP-4 compatible
9 equipment to IP-6 compatible equipment.
10 SENATOR DUTTON: So during the next four years
11 that I'm here, I won't have to worry about you coming
12 back in and saying, "Well, we have to upgrade to IP-6
13 now, so I'm going to need more money"?
14 MS. TAKAI: No, sir. No, sir.
15 SENATOR DUTTON: Thank you.
16 CHAIRMAN PERATA: Alex?
17 SENATOR PADILLA: Hello.
18 MS. TAKAI: Good morning.
19 SENATOR PADILLA: Just two areas of questions.
20 One -- It's been a while since I inquired, but
21 the status of any sort of 311 system, or using the
22 Internet to allow for Californians, our constituents, to
23 interface more efficiently with state government, do you
24 know the status of any of those efforts?
25 MS. TAKAI: No. I'm sorry, I don't. I'm not

1 aware of any specific 311 efforts, but that's certainly
2 something we can look at and work with the agency and
3 departments on and get back to you.
4 SENATOR PADILLA: Coming from Michigan and in
5 your industry, I know you're well aware of the efforts
6 in other states, in other municipalities, especially in
7 the era of ever-tightening budgets, using technology to
8 deliver answers more effectively and efficiently in his
9 call report. Second, and this is going to be very
10 specific. I don't know if you've been briefed on the
11 governor's executive order to, quote, unquote, "green
12 state facilities."
13 MS. TAKAI: Yes.
14 SENATOR PADILLA: Are you familiar with that?
15 MS. TAKAI: Yes.
16 SENATOR PADILLA: To what extent do you
17 incorporate technology not just on the energy efficiency
18 or energy management side of state facilities, but here
19 in this community and others? We've pushed for the
20 broadening of those efforts not just on the energy
21 efficiency side, but on the water efficiency,
22 sustainable materials, all those elements of what we now
23 consider sustainable building and design.
24 MS. TAKAI: Those areas are areas that the
25 Department of General Services -- we actually work with

them on. I'm not familiar with any of the specific initiatives that they're working on in terms of the technology. That is something that we can look at.

One of the areas that we're very focused on from an energy efficiency standpoint actually are the various computer rooms and our usage of computers. Right now, the state has over 400,000 square feet of floor space where we're housing computers, and we're taking a look at that, because, first of all, that's a lot of floor space. It's a lot of energy utilization. And many private-sector as well as public-sector organizations are finding that one of their largest energy usages is actually in their data centers.

And there are technologies today that the state can begin to use which will reduce the number of computers that we need and therefore reduce the amount of energy that we're going to be utilizing. And those are some of the things we're focused on in terms of bringing together how we use those computers statewide, doing it in a much more uniform, standard way so we can shrink the amount of power usage that we have.

The other area is at the computer at your desktop. That's another area that we're focused on in terms of energy utilization.

SENATOR PADILLA: I look forward to following

1 up with you on that, but I have to imagine for these
2 broader-scale initiatives, there's an information system
3 beneath it to help achieve the energy goal, the water
4 goal, et cetera.
5 MS. TAKAI: Right.
6 SENATOR PADILLA: Thank you.
7 CHAIRMAN PERATA: How do you compete in the
8 future with the private sector for people who are
9 competent, in other words, who's the best candidate?
10 MS. TAKAI: It's tough. It's tough. I will
11 say, back to one of your prior comments, I do have some
12 hope, because right now -- Of course it's not good that
13 the tech industry is struggling a bit, but it does give
14 us some opportunity. They don't see it that way, but it
15 does give us some.
16 But in the future, it's going to be hard for
17 us. It's going to be tough for us to compete not only
18 for the specific technology skills, but I'm also
19 concerned about the leadership skills.
20 Technology folks today can't be just technology
21 skilled. They have to be able to translate the
22 technology into what it can do for the agencies and
23 departments. The challenge we all have -- I mean, I'm
24 an old techie, so I know that challenge well.
25 CHAIRMAN PERATA: Me too.

1 MS. TAKAI: It's hard to say how the technology
2 can actually make a difference in the business, and if
3 you can't speak that language, the technology isn't
4 effective.
5 So I'm very much concerned not only on the
6 technical level, but also on the leadership level and
7 the project management level. The private sector is
8 struggling with growing enough good project managers,
9 and we're going to have to as well focus our attention
10 on project managers in addition to just our technology
11 skills.
12 CHAIRMAN PERATA: Thank you.
13 Anybody here in favor?
14 MR. DAWSON: Good morning, Chairman Perata,
15 Members. My name is David Dawson. I am with the State
16 Controller's Office. I'm here representing the
17 controller.
18 I am the CIO, one of those 130 CIOs running
19 around the state that Terri mentioned earlier. In
20 addition, I am also the project director for the
21 21st Century Project.
22 We are here --
23 CHAIRMAN PERATA: Which one is that?
24 MR. DAWSON: That's the replacement for the
25 payroll and human resources system on a statewide basis.

1 It's the one enterprise-wide project going on on a
2 statewide basis and probably the test bed for many
3 future things to come, such as a fiscal project, which
4 I'm sure you're all aware of.
5 We have been working very closely with the
6 CIO's office and have been very impressed with
7 Ms. Takai's vision for technology on a statewide basis
8 and her background and experience and suggestions and
9 dealings with some of the issues that the 21st Century
10 Project has faced.
11 But also I'm looking at some of the things that
12 she has brought forward on a statewide basis for the
13 technology on a -- across the state. Some of those
14 initiatives we think are very, very important in doing
15 technology right across the state of California, both in
16 terms of gaining the efficiency within the technology
17 itself, the floor space issue, the energy issue she just
18 mentioned is only the tip of the iceberg on that; but
19 also in terms of getting the true benefit of some of
20 these enterprise-wide things that the state has to
21 embrace in order to manage the infrastructure of state
22 government properly.
23 So we are here very much to encourage
24 Ms. Takai's confirmation and look forward to that
25 continuing relationship. And I thank you for your time.

1 CHAIRMAN PERATA: Thank you.

2 MR. GREGORICH: Good morning, Mr. Chairman and
3 Members. Joe Gregorich with the American Electronic
4 Association. I'm actually here this morning on behalf
5 of both AEA and the Information Technology Association
6 to offer our association's support of Ms. Takai.

7 AEA and ITA together represent 3,000 high-tech
8 member companies from all sectors of the high-tech
9 industry.

10 We have had the pleasure over the last year to
11 work closely with Ms. Takai on several ventures and
12 would like to offer our support.

13 CHAIRMAN PERATA: Thank you.

14 MR. MICHELI: Mr. Chair, Members, Chris Micheli
15 on behalf of our clients, Citric Systems and Natoma
16 Technologies. We've also had the privilege the past
17 year of working with the CIO and, as you heard in
18 response to several questions, including those by
19 Senator Dutton, we're most impressed by her leadership
20 in this arena and the management skills that she brings
21 to the position and would also urge her confirmation.

22 Thank you.

23 CHAIRMAN PERATA: Anyone else? Anybody in
24 opposition? Any further questions?

25 We have a motion to approve.

Call the roll, please.

MS. BROWN: Senator Cedillo.

SENATOR CEDILLO: Aye.

MS. BROWN: Cedillo aye.

Dutton.

SENATOR DUTTON: Aye.

MS. BROWN: Dutton aye.

Padilla.

SENATOR PADILLA: Aye.

MS. BROWN: Padilla aye.

Battin.

Perata.

CHAIRMAN PERATA: Aye.

MS. BROWN: Perata aye.

CHAIRMAN PERATA: Close it.

Congratulations.

MS. TAKAI: Thank you.

CHAIRMAN PERATA: We have one vote-only, and Alex --

SENATOR PADILLA: Before we take the vote-only item, I just want to make a statement for the record regarding Ms. Harris's appointment to the Teachers Retirement Board.

In questions that I raised when she was before us a couple of months ago, I've had a chance to not only

1 research but conduct follow-up meetings with her and
2 other members of the board, so I just want to go on
3 record saying I don't believe it is wise public policy
4 for our Teachers Retirement Board to invest in a product
5 that is one of the leading preventable causes of death
6 in our state, in our country, and around the world.
7 I agree with and support CalSTRS existing
8 policy of not investing in tobacco companies, and I
9 oppose any efforts to reverse this policy, and I'd
10 oppose any efforts to invest our public funds in a
11 product that involves a fiscal liability to our state.
12 For those who would argue that the retirement
13 system would have experienced greater earnings had they
14 not divested from tobacco, I challenge them to show us
15 independent information leading to that conclusion.
16 My understanding is the very information that
17 CalSTRS has discussed as they revisit this policy on a
18 regular basis is dependent or based on information
19 provided by the tobacco industry itself.
20 Further, I doubt that the teachers across
21 California would want their retirement funds invested in
22 products that harm the health of the very students
23 they're working hard to teach.
24 I will support the confirmation of Ms. Harris,
25 but I want the appointee and rest of the board to know

we are watching and will continue to watch, and that the term "fiduciary responsibility" should not come at the expense of all other responsibilities we have to the public. Thank you.

CHAIRMAN PERATA: Thank you.

SENATOR CEDILLO: I appreciate those comments and attach myself to the cough and to the comments of my colleague.

I think a substantive appreciation of fiscal and fiduciary duty mandate and require us to think about not only short-term profits, but long-term gain and its impact on our community.

So you can't say you're acting as a fiduciary without realizing the substantive meaning of that trust. So as I stated, I echo the concerns and share the comments of my colleague.

CHAIRMAN PERATA: Do we have a motion?

Please call the roll.

MS. BROWN: Senator Cedillo?

SENATOR CEDILLO: Aye.

MS. BROWN: Cedillo aye.

Dutton.

SENATOR DUTTON: Aye

MS. BROWN: Dutton aye.

Padilla.

SENATOR PADILLA: Aye.

MS. BROWN: Padilla aye.

Battin.

Perata.

CHAIRMAN PERATA: Aye.

MS. BROWN: Perata aye.

CHAIRMAN PERATA: Four-zero. Confirmation is recommended.

We're now going into executive session.

(Thereupon, the Senate Rules Committee hearing adjourned at 11:24 a.m.)

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I, INA.C. LeBLANC, a Certified Shorthand Reporter of the State of California, do hereby certify that I am a disinterested person herein; that the foregoing transcript of the Senate Rules Committee hearing was reported verbatim in shorthand by me, INA C. LeBLANC, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 2nd day of December, 2008.

Ina C. LeBLANC

INA C. LeBLANC
Certified Shorthand Reporter
CSR No. 6713

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APPENDIX

July 18, 2008

Ms. Nettie Sabelhaus
Senate Rules Committee Appointments Director
State Capitol, Room 420
Sacramento, CA 95814-4900

RE: Responses to Questions Posed by the Senate Rules Committee

Dear Ms. Sabelhaus,

I appreciate this opportunity to respond to questions posed in President Perata's July 1, 2008 letter.

Role of CAISO and Its Governing Board

Question 1: What do you believe to be the core mission of the CAISO? What role should CAISO have in overseeing and facilitating changes to the electricity market, and what happens when there is a conflict with the goal of ensuring grid reliability?

The core mission of the CAISO was laid out by the Legislature with the restructuring of California's wholesale electricity industry ten years ago:

- to provide open and nondiscriminatory access to the electric transmission grid and
- to manage the grid and market operations fairly, reliably and cost-efficiently within an overall objective to ensure public health and safety.
-

Much has happened in the last decade and the role of the CAISO has necessarily evolved to support the expanded operation of electricity markets and to promote infrastructure development and environmental stewardship to meet state policy objectives, especially the addition of significant amounts of renewable energy. It is appropriate and necessary for the CAISO to work collaboratively with other state agencies and the Legislature to support the changing market in the context of state policy objectives and to help identify potential problems and solutions.

If there is a conflict between grid reliability and market development, reliability must remain the number one priority.

Question 2: CAISO has been criticized for allowing staff to make major policy decisions without input from the board. The most well-known example took place in late 2000 when CAISO staff took action to suspend price caps on electricity during the energy crisis without board approval. How would you describe the role of the governing board and the role of staff in regard to setting CAISO policy?

The board is responsible for governing the CAISO; day-to-day operations are the responsibility of management. The importance of open communication and clear delineation of responsibilities between the board and management cannot be over-

emphasized. Specifically, the board selects and evaluates the President and CEO and appoints other Officers on recommendation of the President and CEO. With regard to CAISO policy, the board sets organizational priorities within the bounds of all applicable laws and policies. The board also actively monitors corporate performance, approves all material transactions, assesses risk and oversees internal controls, and monitors compliance with policies and procedures, all under a charge to operate with the highest ethical standards.

CAISO management recommends to the board policies and other actions to support the strategic goals that have been jointly established and approved by the board. My experience to date suggests that staff and board roles are functioning appropriately, and no tariff changes have been filed without board approval.

Market Redesign and Technology Update

Question 3: What impacts do you believe MRTU will have on energy costs to consumers?

MRTU is designed to increase system efficiency and exert downward pressure on cost over time. Even with MRTU improvements to operation of the CAISO system, the foundation of the California electricity market remains predominantly based on long-term contracts to provide overall "resource adequacy" to consumers and reduce market risk.

MRTU will provide CAISO system operators with the pricing information and technological tools to plan for the most efficient and lowest cost use of the grid on a day-ahead basis. Better scheduling of transmission facilities should reduce bottlenecks on the grid and lower congestion costs. The "least cost" dispatching of generation and demand response over the entire CAISO control area should both stabilize overall system costs and provide incentives for new infrastructure where needed.

Question 4: What will be the CAISO's role in monitoring and overseeing MRTU and its impacts? How will the board stay informed?

The CAISO has the responsibility for the monitoring and oversight of MRTU. Immediate indicators will be available through reports of daily operations and billing functions. Feedback will also be collected from all stakeholders, state agencies such as the CPUC and CEC, and FERC. Within the ISO, front line staff in operations, market design and stakeholder relations will be directly involved in implementation and will provide ongoing reports. The CAISO has designed a multi-disciplinary response team to diagnose and resolve potential issues, and has in place a series of real-time metrics to measure the performance of MRTU and anticipate market issues. The board will be kept informed on a timely basis.

In addition, the Department of Market Monitoring reports to the board directly and will play a lead role in assessing MRTU implementation and communicating results. The

independent advisory group called the Market Surveillance Committee will also review market impacts and report them to the board directly. The combination of internal and external reviews of MRTU performance should provide beneficial diverse perspectives and should strengthen the board's critical review capabilities.

Question 5: What criteria will you use to determine whether CAISO should vote to certify the readiness of MRTU?

Given the massive amount of time and effort that has been invested in MRTU development, the CAISO has put in place an extensive project management plan and certification process to assess readiness for the ultimate launch of MRTU. A comprehensive list of readiness criteria, developed in conjunction with stakeholders, is being tracked and must be completed prior to program launch.

For more than a year, stakeholders have been actively engaged in hands-on system testing and at every meeting the board receives multiple updates from staff, consultants and stakeholders about detailed issues related to MRTU readiness. The board will review readiness status in detail again in mid-August and regularly as we approach the proposed "go live" date.

Key questions the board is focusing on include:

- how the software is operating,
- whether CAISO staff is adequately trained and confident operating the system,
- whether market participants are adequately trained and confident operating the system, and
- whether the appropriate formal processes and tariffs are in place to operate MRTU.

The board has ultimate responsibility for determining whether MRTU is certified as ready, and has, on numerous occasions thus far, expressed its commitment to ensuring the launch of a quality program and systems over speed or forced deadline.

2008 to 2012 Strategic Plan

Question 6: How will the board monitor the [Strategic] Plan's effectiveness?

The 2008-2012 CAISO strategic plan builds upon organizational deliberations that involved staff at all levels of the organization and sought input from market participants, policy makers and other stakeholders beginning in 2006. This year's plan is the culmination of a three stage process that first assessed the capabilities of the organization, then focused on strengthening operational excellence, and now is focused on moving the CAISO to a higher level of organizational effectiveness.

The plan includes an extensive and detailed "to do list" of initiatives that are tied to three key objectives and which enable the board to track progress throughout the year. These initiatives form the basis of the board's ongoing and final annual review of the CAISO's

overall performance and that of the management team. Examples of key components of that assessment include customer service metrics, MRTU performance, success of renewable resource and demand response integration, collaboration with state and federal agencies, and success of human resource initiatives.

Question 7: Please briefly describe some efforts CAISO will undertake to build alliances with state and federal policy makers to help "green the grid," which is one of the plan's objectives.

The alliances and ongoing relationships with the CA Public Utilities Commission, CA Energy Commission, CalEPA and FERC are reasonably well established and there is high-level alignment with state environmental goals. However, measurable results and progress require effective coordination, constant communication, dedicated resources and support throughout the organization, beginning at the top. The CAISO board is committed to these principles and has approved the dedication of a significant portion of CAISO staff and financial resources to stakeholder and intergovernmental collaborative activities. A variety of entities increasingly call upon the CAISO's technical expertise in considering the implications of state and federal policies on the electric system and markets. Some key topics being addressed in collaborative activities include:

- The Renewable Energy Transmission Initiative (RETI)
- Once-through cooling policy development
- Greenhouse gas regulation
- Demand response
- Resource loading order
- Improvement to the overall siting process for electric facilities
- Implementation of rebuttable presumption to align the ISO transmission planning process with the CPUC decision making on economic need of transmission facilities
- Flex Your Power NOW! statewide conservation awareness campaign

Question 8: Please give an example of the role a new demand response program might have in the electricity market.

The clearest example for demand response programs is to expand their level of contribution to the market, i.e., scale up to larger megawatt capacity, and raise their operation to a higher level so they may contribute just like other sources of supply. Their role should be such that they can participate on a daily basis and be integrated into economic system dispatch, rather than be used solely during peak periods and system emergencies.

Question 9: What is CAISO's schedule for integrating demand response products into wholesale power markets?

A significant statewide contribution from demand response may be several years in the making, but it is technically feasible and urgently needed. There already is some

integration of demand response through interruptible and time of use rate triggers during system peaks and voluntary load reductions in response to Flex Alerts or other emergency appeals. However, as stated above, the ultimate role for demand response needs to be materially larger in both real and relative terms than any previous contribution, and it needs to be fully integrated with other supply options. The CAISO expects to increase the functionality of demand response in wholesale energy markets within twelve months of MRTU implementation.

Demand response programs will require customer education and awareness of supporting technologies and any future legislative changes to the retail market structure. Ultimately, customers will require confidence that the policies and process requirements underlying future programs will have consistent procedures, transparent pricing, and longevity sufficient to support customer interest and investment.

Demand response can help support both intermittent renewable resource generation and more traditional system operating needs as part of a dispatchable resource portfolio. The CAISO's current strategic plan has three initiatives relating to demand response:

- to incorporate demand response in the transmission planning process,
- to increase demand participation in the markets by showcasing technologies and solutions within the ISO's demand response lab,
- and to develop demand response mechanisms to ensure efficient interface between wholesale markets and environmental policy.

The CAISO is committed to making real progress in these areas over the 2008-2012 planning horizon, and the board will evaluate its performance accordingly.

Integration of Renewable Resources

Question 10: What specific steps is CAISO taking to integrate renewable resources into the electric grid?

The State's current renewable goals and objectives are clear and the CAISO and its strategic plan comport with the goals and objectives. The CAISO is committed to ensuring that its actions both further the states' renewable energy and climate change objectives, and help facilitate their implementation without delay. In 2007 the CAISO issued an important study called "Integration of Renewable Resources" which examined the increasing level of intermittent renewable resources and recommended several measures including installing additional capacity, deploying new market mechanisms for load following support, and improved forecasting capabilities. The CAISO is making progress in getting specific tools in place; two recent CAISO actions are particularly noteworthy:

- *The CAISO is making it easier for renewable generators to connect to the grid:* Most recently, at its July meeting, the Board approved changes to the "Large Generator Interconnection Procedures," also referred to as the generator "queue". This process change involved extensive engagement with stakeholders, state

agencies, and FERC. It is aimed at alleviating the lengthy backlog of interconnection requests and supporting the timely interconnection of new renewable generating capacity.

- *The CAISO is helping to identify critical renewable energy zones and facilitate transmission needed to support them:* The CAISO has been actively involved in the State's Renewable Energy Transmission Initiative (RETI), a collaborative effort to develop and build consensus support for transmission infrastructure needed to meet the state's Renewable Portfolio Standard and greenhouse gas mandates. This work is identifying "Competitive Renewable Energy Zones" and preparing detailed transmission plans of service to these typically remote areas with the ultimate goal of achieving both 20% and 33% RPS goals.

The CAISO has also adopted policies to make it easier for wind generators to participate in the market (through the "Participating Intermittent Resources Program") and to reduce financing uncertainty for transmission facilities needed to access renewable resources ("Location Constrained Resource Interconnection").

While the work to support RPS and GHG objectives will be an ongoing part of CAISO activities into the indefinite future, several of the necessary building blocks to achieve the State's goals are formed and under development and should contribute measurable improvements in the coming months.

Question 11: The report did not consider the costs of integrating renewable resources into the electric grid. Will CAISO estimate these costs? If so, when?

As part of the Renewable Energy Transmission Initiative (RETI) with other state agencies, the CAISO recently provided an estimate of costs associated with approximately six major transmission lines that may be needed to support 33% renewable resource development. Additional work is underway through RETI and renewable integration cost estimates ultimately will be developed by the state agencies for the options identified in that collaborative effort. The CAISO board is dedicated to implementing policies with the lowest possible cost and making costs transparent.

Transmission Planning

Question 12: How does this action – which could be viewed as making CAISO a "grid builder" – reconcile with ISO's current practices as "grid manager"?

The board action in December 2007 does not change the CAISO's fundamental role as grid manager. The CAISO is the grid planner and guardian of system reliability, not the builder of transmission infrastructure. The December 2007 proposed tariff amendment was a response to a specific nationwide FERC directive (in Order No. 890). In light of FERC's interest in guarding against undue discrimination and a preference for transmission service, all ISO's were ordered to amend their existing tariffs to comply with nine planning principles specified in the order. The CAISO engaged in a full

stakeholder process to revisit clarify and ensure the consistency of its existing planning process with all principles. The resulting compliance filing to FERC did not significantly shift or add to existing CAISO policy or authority.

Question 13: How is this action consistent with federal and state directives on transmission planning?

It is consistent with both federal and state directives. FERC already has accepted the CAISO's revised transmission planning process as consistent with its order as of June 19, 2008. While FERC sought further clarification of a few issues, none of the areas challenged the CAISO's role in transmission planning or its ability to identify needed transmission projects.

At the state level, siting and project approval continue to reside with the CA Public Utilities Commission or local regulatory authorities and the CAISO approves the recovery of transmission cost in wholesale transmission rates. At the same time, state directives on transmission planning recognize the central role of the CAISO. Public Utility Code 345 states that "the independent system operator shall ensure efficient use and reliable operation of the transmission grid consistent with achievement of planning operating reserve criteria no less stringent than those established by the Western Systems Coordinating Council and the North American Electric Reliability Council." It would not be possible for the CAISO to ensure compliance with planning criteria, long term reliability if it did not have a meaningful role in identifying the facilities that must be built to meet the established standards.

Question 14: How will this action prevent undue discrimination and preference in transmission service?

As noted above, the purpose of the FERC Order was to promote non-discriminatory transmission service by ensuring that all transmission planning processes comply with the following nine planning principles: 1. Coordination, 2. Openness, 3. Transparency, 4. Information Exchange, 5. Comparability, 6. Dispute Resolution, 7. Regional Participation, 8. Economic Planning Studies, 9. Cost Allocation.

By finding CAISO's transmission planning process consistent with its planning principles, the FERC concluded that CAISO's planning activities would act to prevent discrimination and preference.

Sincerely,

Laura R. Doll

Date: July 19, 2008

To: Senate Rules Committee, California Legislature

From: Mason Willrich, CAISO Governing Board Member and Chair

Subject: Answers to questions asked in July 1, 2008 letter from Senator Don Perata

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1. *What do you believe to be the core mission of CAISO?*

   CAISO's mission is to: operate the electric transmission grid under its authority reliably and efficiently; provide fair and open transmission access for all market participants; facilitate effective and efficient wholesale electric markets; and promote necessary electric infrastructure development.

   What role should CAISO have in overseeing and facilitating changes to the electricity market?

   The CAISO's electricity markets are limited to the wholesale level. Wholesale power markets are regulated by the Federal Energy Regulatory Commission (FERC). The major features of CAISO's markets are embodied in tariffs which must be approved by FERC. The CAISO manages a complex process of continuous improvement in the operation of its wholesale markets. That improvement process engages numerous market participants with diverse functions and interests, state regulatory agencies such as the California Public Utilities Commission (CPUC) and California Energy Commission (CEC), as well as FERC.

   What happens when there is a conflict with the goal of ensuring grid reliability?

   As CAISO manages proactively the process of improving the effectiveness of its wholesale power markets, the likelihood of conflicts arising between markets and reliability are diminished. Indeed, market improvements are diminishing congestion on the transmission grid, leading to increased service reliability as well as reduced costs for market participants. Nevertheless, if and when the reliability of power flows on the transmission grid is threatened, whether by an unforeseen major event or a temporary malfunction in CAISO's markets, maintenance of reliability will take precedence over potentially conflicting objectives, as required by federal law administered by the North American Electric Reliability Corporation.

2. *How would you describe the role of the governing board and the role of staff in regard to setting CAISO policy?*

   The board is ultimately responsible for the affairs of the corporation. The board approves major corporate policies, multi-year strategic plans, annual budgets, major capital expenditures, major corporate financings including bond issues, employee benefit plans and policies, employment and termination of the CEO and officers of the corporation, as well as tariff filings with FERC. Management is responsible for day-to-day operations of the company, including operating the electric transmission grid 24/7, operating wholesale power markets, management of stakeholder processes, and interactions with governmental bodies such as the CPUC, CEC, other state agencies, the California Legislature, FERC and other federal agencies. Since I joined the CAISO board in 2005, I do not believe CAISO staff has made major policy decisions without prior board review and approval.

3. *What impacts do you believe will MRTU have on energy costs to consumers?*

Market Redesign and Technology Upgrade (MRTU) will increase the efficiency and effectiveness of CAISO's wholesale power markets. MRTU is based on a full network model enabling production of location specific marginal prices used in an integrated day-ahead market, and the real-time market. The result will be increased price transparency in CAISO's power markets and much more effective market monitoring to protect against market manipulation. Electricity costs to retail consumers are likely to increase in the future. However, the improvements of CAISO's markets resulting from MRTU will benefit consumers in an era of rising prices.

4. *What will be CAISO's role in monitoring and overseeing MRTU and its impacts?*

CAISO has a separate Market Monitoring Department, staffed by highly competent professionals, which reports directly to the CEO and the board and is responsible for monitoring the performance of all aspects of CAISO's markets in detail. In addition, CAISO has an independent Market Advisory Committee composed of distinguished academic economists who have expertise in the functioning of electricity markets. The Committee offers advice and opinions in numerous CAISO managed stakeholder processes and, when invited, in regulatory proceedings. It also advises the board directly. During its development and after it "goes live," MRTU has been and will continue to be a major responsibility of CAISO management, on a daily basis.

How will the board stay informed?

MRTU has been and will continue to be a major oversight responsibility of the board. The board has received, and will continue to receive after "go live," at its regular meetings detailed status reports by the MRTU Program Manager and other staff members on specific aspects of development and problems encountered, as well as assessments of overall progress of the project. In addition, management advises and consults with the board whenever an issue arises that is appropriate for special board consideration or approval.

5. *What criteria will you use to determine whether CAISO should vote to certify the readiness of MRTU?*

CAISO has established specific criteria which must be met as a basis for management to recommend and the board to decide whether to certify to FERC the operational readiness of MRTU 60 days in advance of the projected "go live" date. These criteria apply to internal CAISO readiness and to market participant readiness. They specify rigorous market simulation testing under a wide variety of scenarios by CAISO operating staff and market participants, and the quality of solution for day-ahead and hour-ahead markets. The functioning of MRTU processes is also being audited by Scientific Applications International Corporation (SAIC) and Law and Economics Consulting Group (LECG). In deciding how I vote on a decision to certify to FERC the readiness of MRTU, I will use inputs of market participants into CAISO's MRTU stakeholder process, reports of outside auditors, opinions of CAISO's Market Monitoring Department and Market Surveillance Committee, recommendations of CAISO's management, and my own judgment of the risks, costs and benefits based upon my involvement in MRTU project development since I joined the CAISO board in 2005.

6. *How will the board monitor the* [CAISO 2008-12 strategic] *plan's effectiveness?*

The board participated actively in the process which led to the formulation and recommendation by management to the board for approval of CAISO's 2008-2012 strategic plan. The plan establishes strategic objectives and sub-objectives, and specific corporative initiatives to achieve excellence in grid and market operations, transparent market operations that drive effective use

and development of grid resources, and organizational effectiveness by giving focused attention to customers' priorities. Criteria are established within the plan for measuring corporate performance towards achieving objectives. Management reports to the board quarterly, or as needed, on CAISO's progress in achieving the plan's objectives.

7. *Briefly describe some efforts CAISO will undertake to build alliances with state and federal policy makers to help "green the grid," which is one of the plan's objectives.*

   The California renewable energy portfolio standard (RPS) requires every retail seller of electricity within CAISO's balancing authority to serve 20% of load from renewable energy resources by the end of 2010. The state government is currently considering whether to adopt an RPS which requires all load serving entities within California to serve 33% of load from renewable energy resources by 2020. CAISO is taking a proactive approach to enable achievement of the 20% goal as soon as possible, and achievement of the 33% goal by 2020. CAISO provided one study in 2007 that indicates how the 20% goal may be achieved, and another preliminary and conceptual study of how the 33% goal may be achieved. CAISO has obtained from FERC approvals of a proposal to accelerate the process for interconnecting generation projects to the transmission system, and of an innovative financing mechanism to integrate into the grid transmission projects from remote locations which are rich in renewable resources. This FERC decision provides a precedent for financing such transmission development elsewhere in the United States. CAISO is working closely, through the California Renewable Energy Transmission Initiative (RETI) with the CPUC, CEC and a broad range of stakeholders in California to develop a consensus plan to build transmission infrastructure needed to meet California's RPS and greenhouse gas (GHG) mandates. Nevertheless, the Sunrise Project, which is necessary for the state to achieve its 20% RPS, and which CAISO approved almost 2 years ago, still languishes in contentious CPUC proceedings. The CPUC is expected to make a decision on the Sunrise Project in December, 2008.

8. *Please give an example of the role a new demand response program might have in the electricity market.*

   CAISO has launched a demand response (DR) lab to demonstrate the role that DR might have in the electricity market. More importantly, CAISO is working with regulators, utilities and other stakeholders to resolve how DR can contribute to market efficiency and enhance reliability under MRTU, and, thereafter, to achieve the full value of DR in California's electricity markets. Currently, DR is an important option to meet demand peaks or supply emergencies. CAISO is evaluating technologies and operating procedures that, if implemented, will enable DR to become an electric supply resource 24/7.

9. *What is CAISO's schedule for integrating demand response products into wholesale power markets?*

   Currently, DR can participate in CAISO's wholesale markets to a degree, and CAISO is developing mechanism to achieve greater functionality within one year of the date that MRTU "goes live." However, for the full potential of DR to be realized retail electric policies and pricing need to be fully aligned, and responsibilities for DR procurement need to be clarified.

10. *What specific steps is CAISO taking to integrate renewable resources into the electric grid?*

    See answer to question 7 above. In addition, since 2002 CAISO has conducted a participating intermittent resource program (PIRP) which mitigates the financial consequences for renewable energy suppliers of the variable nature of some renewable resources such as wind. At the CAISO board meeting on July 9, the board approved a CAISO tariff filing with FERC proposing a

major reform of FERC's mandated large generator interconnection process to enable a new process to deal with the existing backlog of transmission projects in CAISO's request queue and to enable fair, efficient, and timely treatment of requests, including numerous requests for interconnection of renewable energy projects. In addition, a CAISO task force is evaluating the use of energy storage technologies to provide a variety of essential services to electric wholesale markets which will support and complement the integration of intermittent renewable energy sources.

11. *Since CAISO's 2007 study of renewable energy integration into the transmission grid did not consider the costs of integration, will CAISO estimate these costs, and, if so, when?*

    CAISO aligns itself to assist and enable the state to achieve its established policy goals. Although CAISO estimates costs of the transmission projects needed to meet California renewable resource requirements, making such costs transparent as they arise. Projections of total costs to California consumers of integrating renewable energy into California's electricity supply should be undertaken by the California's energy regulatory agencies and electric load serving entities, in cooperation with CAISO.

12. *How does this action* [CAISO board approval in December 2007 of CAISO filing tariff amendments with FERC to comply with FERC directives mandated in Order 890] – *which could be viewed as making CAISO a "grid builder" – reconcile with CAISO's current practices as "grid manager"?*

    FERC issued Order 890 to address the potential for undue discrimination and preference in provision of transmission service by all service providers, including ISO's. At that time, CAISO's transmission planning process was already largely consistent with Order 890 requirements. After a stakeholder process, CAISO filed proposed tariff amendments, which were approved by the board, that clarified and refined its transmission planning process. This CAISO filing did not significantly add to CAISO policy or existing authority. CAISO is not a "grid builder." It plays a proactive role in transmission planning, in cooperation with the CPUC, CEC and other state agencies, including evaluation of the reliability and economic benefits of proposed expansion projects which will increase grid reliability, reduce congestion costs, and facilitate incorporation of renewable energy sources into CAISO's wholesale power markets. The CAISO board reviews and approves proposed major transmission projects which will be constructed and owned by other entities.

13. *How is this action* [CAISO board approval above in answer to 12] *consistent with federal and state directives on transmission planning?*

    CAISO's transmission planning policy is, as noted in answer to 12 above and 14 below, consistent with and in furtherance of federal and state policy directives.

14. *How will this action* [CAISO board approval above in answer to 12] *prevent undue discrimination and preference in transmission service?*

    FERC Order 890 mandated that all transmission planning processes comply with specific principles, including coordination, openness, transparency, information exchange, comparability, regional participation, economic studies, and cost allocation. FERC has determined that CAISO's Order 890 tariff filing, which was approved by the board in December 2007, to be consistent with the principles specified in Order 890.

Senate Confirmation
Responses to Senate Rules Committee Questions

Doug P. McKeever
Director, Juvenile Programs
Division of Juvenile Justice
California Department of Corrections and Rehabilitation
July 17, 2008

Goals

1. ***Please provide us with a brief statement of goals. What do you hope to accomplish during your tenure? What program improvements are you proud of accomplishing thus far? How will you measure your success?***

As Director of Programs, my goals are: to ensure that each youth receives the services needed while under the care of the Division of Juvenile Justice (DJJ) and to prepare them for successful transition back into their community. During my tenure, I hope to accomplish the following:

- Increase the proficiency level of the students attending school in the core academic subject areas;
- Increase the graduation rate of students attending high school;
- Increase the percentage of students passing the California High School Exit Exam;
- Develop and implement an integrated health care system to ensure youths receive the medical, dental, and mental health care required;
- Develop and implement evidence based programs designed to meet the needs of our youths as defined by an individual youth assessment profile;
- Foster ongoing working relationships with the Superintendents of each facility;
- Foster ongoing working relationships with stakeholders in the community.

The program improvements that I am proud of accomplishing thus far include the following:

- Entry into a national recruitment effort to hire the Superintendent of Education for the DJJ. As of this submission, final candidates are being interviewed;
- Review and approval of the Program Service Day that will be piloted at the Preston Youth Correctional Facility in August 2008. This pilot will coordinate programs, education, and medical care to ensure staff maximize the services provided to our youths;
- Review and approval of the Suicide Prevention and Response Policy to ensure the most mentally ill youths receive the oversight required to remain safe during a difficult time in their lives;
- Modification of two important contracts within the mental health program and the education program;

- Modification of the working hours of our senior mental health clinicians as a pilot at Ventura Youth Correctional Facility to better meet the needs of our youths;
- Modification of the working hours of our Chief Medical Officers to ensure medical care is effectively provided;
- Establishment of a working relationship with the Chief Civil Rights Attorney, United States Department of Education, Office for Civil Rights;
- Establishment of a working relationship with the Deputy Superintendent of Education for the Sacramento County Office of Education;
- Establishment of a working relationship with the Chief Probation Officer of Sacramento County and the Deputy Chief Probation Officer of San Diego County;
- Engagement with the University of California, San Diego, school of Psychiatry in an effort to develop internship and fellowship programs to attract Psychiatrists into the DJJ;
- Engagement with the California State University of San Francisco, school of Health and Human Services, to develop a correctional component for their schools of Psychology and Social Services.

The measurement of my success, or more importantly, the success that is translated to the youths we serve, is predicated upon the development and ongoing review of data. Critical indicators have been developed to measure each of the goals identified in the remedial plans, with the outcome being an ability to demonstrate improvement. This data will permit me to determine if an area is not working well, and will, therefore, allow me the ability to quickly modify and/or enhance a specific area.

Background

The 2005 reorganization of the Department of Corrections and Rehabilitation created the Division of Juvenile Justice (DJJ). The number of juvenile offenders being sent to state facilities has dropped sharply over the past decade, with the population in state juvenile facilities going from 10,000 a decade ago to a projected 1,700 by June 30, 2009. The most recent drop in population is due to the passage of SB 81 (Senate Budget and Fiscal Review Committee), Chapter 175, Statutes of 2007, under which nonviolent and nonserious offenders are remaining at the local level. At least two juvenile facilities, DeWitt Nelson Youth Correctional Facility in Stockton and El Paso de Robles Youth Correctional Facility in Paso Robles, are due for closure.

2. ***What are the most significant road blocks to improving programming for youthful offenders?***

There are several significant roadblocks that need to be addressed in order to improve programming for youthful offenders. First, and one of the most critical factors, is the

culture of a department that is rich in a history of security. The efforts to change this culture to one focused on treatment while still ensuring safety and security has a direct bearing on our ability to successfully provide services to our youths. It is imperative that staff understand that how they behave and interact with the youths directly impacts how the youths behave and interact with them. The second is just as rich in history and that is the physical makeup of the facilities in which our youths reside. The facilities are old and were never designed to accommodate the vast array of programs required, or the living accommodations necessary, for the implementation of successful reform. Lastly, our youths are older and farther along in their criminal history, more gang entrenched and have more co-occurring disorders. This is not so much a roadblock as an additional challenge we face in our efforts to provide programs.

3. ***How do you ensure safety from gangs and violence so that youthful offenders will feel secure to participate in treatment programs?***

The DJJ performs a battery of assessments for each youth who comes into our system. Upon intake, classification and clinical reviews help determine the appropriate housing for each youth. A portion of this intake process involves research of a youth's peer associations in the community, and if a determination is made that the youth's history reflects association, affiliation and/or member status of a gang sub-culture, the facility Gang Information Coordinator will conduct an interview with the youth to verify the gang status. The Department does not provide program assignments based on gang identification. Rather, program assignments are based on identified treatment needs and observable and documented behavior.

If a youth's behavior is violent towards others, then the youth will be referred to a more secure environment in an effort to provide those youths who wish to participate in programs, the opportunity to do so without the threat of violence from youthful offenders that have demonstrated predatory and/or victimizing behaviors.

The Gang Information Coordinators work collaboratively with the recently implemented Crisis Response Team staff in an effort to investigate and mitigate potential conflicts between the various gang and racial groups. This relationship has proven beneficial for youths returning to a core treatment program from a more structured environment.

Additional steps taken to address this issue are: reduction of the size of living units while increasing our staffing; separation of youths into high and low risk living units; and the implementation of the case manager positions that will ultimately oversee an individual youth's treatment plan.

In addition, the Department has engaged the assistance of community-based organizations such as Project Impact in all facility environments. Project Impact provides intervention and counseling services above and beyond what youth receive in their treatment program. Project Impact is voluntary and provides additional perspectives on decision making, impulse control, and acting as responsible individuals.

With all of these efforts, the ongoing dialogue between facility staff of all disciplines is critical to ensure that this very complex problem is addressed timely. This includes ongoing updates to the Director of Facilities and me to ensure the youths feel safe and secure while attending programs.

4. ***What input do you seek from offenders and staff about program needs? What steps have you taken to implement suggestions from these sources?***

Seeking input from staff about program needs is a basic component of my leadership style. There are several methods used to gather this information.

The primary source of information about what is happening in the field is from those working directly with the youths. I encourage staff to provide me with feedback regularly regarding whether they feel programs are working. Although in the short time that I have been in my position, it is apparent that there is a disconnect between staff in the field and staff at headquarters, I work closely with the managers in each of my different disciplines to ensure that their feedback reaches me and that I am available as a resource.

One notable example of this is the work I did with the teachers at N.A. Chaderjian High School (Chad). On my first visit I spent my time touring the entire facility, including the living units, school, clinics, and medical complex. This tour did not allow me enough time to meet with groups of staff, yet I made a commitment to return once my initial visits were completed. The teachers at Chad indicated that they did not believe I would return. In early May, I made an appointment with the teachers at Chad and spent two hours listening to their concerns and issues. From this meeting I made the commitment to return on a quarterly basis to meet with them, and followed-up on one of their training requests by asking the Chief of Mental Health to develop an in-service training session so the teachers could better understand the signs and symptoms of mentally ill youths.

In my view, it is clear that one of the reasons that staff in the program area are disconnected from headquarters is that the Director of Programs position remained vacant for so long. Staff in the facilities fended for themselves due to a lack of an administrator in this area. I have taken the following steps to bridge that gap and build a collaborative relationship with the field:

- Visited each facility. The following provides a list of facilities and the number of visits to each since my arrival:
    - DeWitt Nelson Youth Correctional Facility – two visits
    - El Paso de Robles Youth Correctional Facility – two visits
    - Herman G. Stark Youth Correctional Facility – three visits
    - N. A. Chaderjian Youth Correctional Facility – five visits

- O.H. Close Youth Correctional Facility – three visits
- Pine Gove Youth Conservation Camp – one visit
- Preston Youth Correctional Facility – two visits
- Southern Youth Correctional Reception Center – one visit
- Ventura Youth Correctional Facility – two visits

- Spent a considerable amount of time talking with the Superintendent of each facility to understand what they have been undertaking in the area of programs for the youths;
- Looked for efforts undertaken at individual facilities that may be replicated at other sites. Examples include the Peace and Unity Program at the Southern Youth Correctional Facility and the Family Justice pilot project at OH Close Youth Correctional Facility;
- Committed to the staff at each facility that I have made it a priority to visit them on a regular basis.

In addition to seeking input from the staff, I feel it is important to seek the input of our youths as well. I feel that their perspectives are valuable in determining program effectiveness and whether their needs are being met. As I visit the facilities, I make a point of speaking to the youths to gain their input. The youths also have an established advocate with the Office of the Ombudsman. This office serves as another important source of information. As they do their walkthroughs of facilities, they seek the feedback of the youths and of the staff. This information is brought back to headquarters and reported through the management team meetings. The Ombudsmen meet regularly with Student and Youth Family Councils, and invest these groups with their roles as stakeholders in our system. The feedback from the youthful offenders and their families is a strong indicator of the success of our programs.

In fact, as indicated above, the pilot program conducted at OH Close Youth Correctional Facility, was aimed at identifying and destroying the barriers that families face in accessing our system. We experienced such a potential for a true collaboration with our youths and families, with the goal of rehabilitating the youth, that we will be rolling out this pilot program statewide by next fall.

I have an open door policy with the Office of the Ombudsman, and expect that as the youthful offenders reach out to them in the facilities or through the new toll-free number that is available to all youth, we will continue to receive their feedback on the successes or shortcomings of our programs. To facilitate this process, I have established monthly meetings with the Office of the Ombudsman to ensure on-going communication.

Population Shifts

Under legislative changes, the state is providing block grants to counties to offset costs of juvenile offenders. The state also has discussed moving about 130 young women

and girls from the partially occupied Ventura Youth Correctional Facility, the only such state institution to incarcerate girls and young women.

5. ***How do you ensure that youths are receiving the appropriate level of services from county agencies? What impact has this had on treatment services in state facilities?***

While the DJJ does not have any direct oversight or monitoring responsibilities to ensure that youth receive appropriate services from county agencies there are several efforts that we have taken to facilitate the transfer and likelihood that services are provided to youth. Specifically, the DJJ Intake and Court Services (ICS) Unit has been designated as liaison for all county probation departments. ICS provides the counties with information about youth pending release to assist the probation department in developing transition plans. One of the ways that the DJJ mental health team assists in this effort is by providing a mental health summary report. This report describes any mental health services that a youth may have received while in a DJJ facility so that the county can develop a plan to address the needs in the community. Additionally, DJJ parole has provided the counties with lists of all group home providers to assist the county in developing resources for these youth.

The ICS unit also coordinates with the Corrections Standards Authority (CSA) and has provided input to CSA on requests by counties for additional funding. ICS provides the CSA with a list of each non Welfare and Institutions Code (WIC) §707(b) youth that has been transitioned out to a particular county, and designates what action the county took at the initial court transfer process. The list identifies for CSA whether the juvenile court continued probation supervision services or terminated probation services at the time of transfer from DJJ.

Lastly, while the DJJ or CSA were not given direct oversight for monitoring the realignment process, this issue has been discussed at the State Commission on Juvenile Justice. The purpose of the commission is to provide comprehensive oversight, planning, and coordination of efforts, which enhance the partnership and performance of state and local agencies in effectively preventing and responding to juvenile crime.

The commission is scheduled to complete an operational master plan by January 2009 that may contain recommendations that address appropriate levels of services and the coordination of those services on a statewide basis.

6. ***What role would DJJ play in monitoring the treatment of female wards in county or private facilities?***

The DJJ is currently developing a Request for Proposal (RFP) to solicit bids from outside vendors for the purpose of contracting services for our female youthful offenders. The RFP will contain a viewing and monitoring component in which DJJ will

be required to visit, validate and confirm the program components and physical site of the potential vendors.

The DJJ will develop a plan, policy and monitoring tool to ensure all laws and other legal mandates are in compliance once a contract is awarded to a vendor.

Juvenile Justice Reform

In 2004 the administration reached a landmark settlement in the Farrell lawsuit on the conditions of confinement in juvenile facilities. DJJ is supposed to implement a broad array of reforms, including creating smaller living units, improving education and mental health services, and bolstering safety.

A year ago, in advance of his confirmation, Jim Tilton, the former secretary of CDCR, said he was "excited about the opportunity to implement reform to reduce the size of living units and enhance our staffing model so that DJJ can fully implement an integrated behavior treatment program. This includes assessment and classification instruments developed specifically for the DJJ population. In addition, DJJ reform will increase family involvement, improve our conflict resolution options and better allow us to meet the individualized treatment needs of youth."

In February 2008, however, lawyers representing juveniles in the Farrell case urged a judge to name a receiver to run the system they say remains broken. They contend that DJJ has missed dozens of court-ordered deadlines for change dating back to 2005, making "a mockery of compliance" in six areas: education, safety, medical care, mental health, disabilities, and sex offender treatment. The state has acknowledged missing some deadlines but says in court documents it has "made substantial progress."

7. ***What is the status of the Farrell lawsuit? What is your role in monitoring the implementation of the juvenile justice reform efforts required by the court in the Farrell lawsuit? Specifically, how do you track progress?***

The status of the *Farrell* lawsuit involves several areas of discussion. The first is the Order to Show Cause Hearing that was prompted by the Prison Law Office alleging that the DJJ was unable to implement *Farrell* in a timely manner due to issues in the areas of personnel, budget, information technology, and contracts. Testimony began in April 2008, with final arguments scheduled for later in July.

The second area of *Farrell* status involves the ongoing efforts to accomplish the commitments made in the Remedial Plans submitted to the court in the areas of: Safety and Welfare; Wards with Disabilities; Education; Sex Behavior Treatment; Mental Health; and Medical. Each of these plans is in various stages of implementation, with most behind schedule of their original time commitments. To address this issue, the DJJ

has embarked upon the implementation of a standard project management methodology. The outcome of this process is to reevaluate existing due dates and revise them using a project management approach. This approach will ensure that the scope of the project is clearly identified, that adequate planning is undertaken to ensure required resources and dependencies are identified, realistic timeframes are assigned to each activity, proper monitoring efforts are put in place to measure progress, and finally, that documentation and lessons learned are captured.

My role in monitoring the implementation of the juvenile justice reform efforts is primarily driven by the efforts undertaken in the Education, Sex Behavior Treatment, Medical, and Mental Health Remedial Plans. There is however, a great deal of overlap with the Wards with Disabilities and Safety and Welfare Plans that require my awareness and attention. I undertake several approaches to track progress with all these efforts.

The first is the ongoing review of the court appointed experts' reports that are filed after each facility visit. These reports are translated into useful data tools that allow me to see, by facility, both high level performance as well as individual and discrete audit items. From these reports, decisions can be made on where to prioritize efforts and apply resources to make improvements. In addition, these reports allow for the identification of what is being done well and where so that other facilities can learn from these efforts.

Please see the attached six charts that represent a sampling of the data that I use to manage Juvenile Programs.

The second method I use to track progress is through my management team. This senior leadership team is responsible for providing me with weekly updates on their efforts in implementing the provisions of *Farrell*. Reports are generated from each facility that highlight key indicators, examples of such reports include: student attendance, corrective action plans; medical and mental health reports; audit and compliance findings; incident reports; and temporary detention program reports.

Lastly, as the DJJ implements the project management processes, regular executive sponsor meetings will be scheduled in order to track the progress of the activities identified in each project plan. This effort will enable us to be proactive in addressing issues as they arise, mitigating risks, and making timely decisions on courses of action in advance of a project that may be getting behind schedule.

8. How will implementation of the Farrell case be impacted by DJJ's reduced population and the shift of juvenile inmates to county facilities?

The implementation of the *Farrell* case will be impacted in several ways by the DJJ's reduced population and the shift of juvenile wards to county facilities. The reduction in population affords the DJJ the opportunity to implement the agreed to

living unit sizes for the various populations that we serve. The Remedial Plans require the following living unit sizes:

Core Treatment – Low Risk – 38
Core Treatment – High Risk – 36
Sex Behavior Treatment Programs – 36
Substance Abuse Treatment Programs – 36-38 (depending on risk level)
Special Counseling Programs – 24
Intensive Treatment Programs – 24
Intensive Behavior Treatment Programs – 20
Behavior Treatment Programs – 24

Based on the reduction of the living units, overcrowding issues that once plagued the Department are no longer a major issue. In addition, the extra space on the living units is being used for staff to conduct various programming efforts like individual or group sessions and education.

As a result of Senate Bill 81, the DJJ believed that many counties would recall their commitments and that these youths [committed for non WIC §707(b) offenses] would be transferred to the county facilities. However, the number of youths expected to return to the counties did not materialize as quickly as thought. As of June 30, 2008, 364 non WIC §707(b) youthful offenders were returned to the communities from DJJ, and 332 non WIC §707(b) youthful offenders still remain in the DJJ. While these youths are with the Department, they will continue to receive the programs required under *Farrell*. It is expected that all these youth will return to their counties upon parole thus further reducing the number of youthful offenders within our system.

With the reduction in population and the eventual return of all non WIC §707(b) youths, another impact is that the vast majority of the youths remaining in DJJ's care are higher risk and higher need requiring a greater level of attention. For example, the type of offenses the youth has committed, are more serious in nature given WIC §707(b) offenders are convicted of more serious crimes such as murder, rape, and arson.

9. What is the status of the reform plans outlined by Mr. Tilton during his confirmation?

Mr. Tilton indicated that additional resources were provided to the DJJ and that, in fact, has occurred. We have a Director of Administration and Operations that oversees staff who provide direct support in the areas of personnel, contracts, project management, and policy development. In addition, Mr. Tilton indicated that he fully supported the reduction of living units and enhanced staffing, "so DJJ can fully implement an integrated behavior treatment program." To date, the DJJ has enhanced the staffing levels, accounting for 1,200 additional staff to meet the remedial plan commitments. In addition, the DJJ is making progress in reaching each living unit size to comply with the *Farrell* levels.

The following chart represents those efforts. Note: the Intensive Behavior Treatment Program and the Behavior Treatment Program are still in development and therefore reflect 0 percent compliance:

TYPE OF LIVING UNIT	POPULATION CAPS	NUMBER OF LIVING UNITS OPEN	LIVING UNITS IN COMPLIANCE WITH CAPS	PERCENTAGE IN COMPLIANCE
CORE TREATMENT - LOW RISK	38	11	9	82%
CORE TREATMENT - HIGH RISK*	36	13	7	54%
SEX BEHAVIOR TREATMENT PROGRAMS	36	6	2	33%
SUBSTANCE ABUSE TREATMENT PROGRAMS	36-38	4	4	100%
SPECIAL COUNSELING ROGRAMS	24	4	2	50%
INTENSIVE TREATMENT PROGRAMS	24	5	5	100%
INTENSIVE BEHAVIOR TREATMENT PROGRAMS	20	0	0	0%
BEHAVIOR TREATMENT PROGRAMS	24	0	0	0%

*** Includes Special Management Programs and Intensive Treatment Programs**

Mr. Tilton also indicated the importance of increasing family involvement and conflict resolution options. As described previously, the potential for collaboration with the youthful offenders and their families realized through the pilot project at OH Close Youth Correctional Facility has provided plans to roll out this pilot program statewide by next fall.

As for the conflict resolution efforts, the DJJ recently implemented conflict resolution teams at each facility. These teams are responsible for working collaboratively with the youths and staff in addressing issues that might otherwise escalate.

10. ***Two years ago, the outside experts retained by the department recommended changes to the restrictive housing units, known as "special management programs," and that you institute a standardized record keeping system for these units. These "special management programs" have been criticized for having isolation conditions even harsher than those in adult facilities. What specific programming happens in "special management programs," and have you personally monitored it? How many hours are offenders out of their rooms? Do they have time in dayrooms? What have you done to increase educational and recreational opportunities for youthful offenders?***

As designed, Special Management Programs were put in place to address those youths who exhibit a high level of behavioral issues. However, this placement option does not absolve the DJJ from providing the required programming to the youth. At present, the following provides a list of the various programs offered in the Special Management Program:

- Education
- Mental Health
- Medical
- Interactive Journaling that includes:
    - Individual Change Plan
    - Maintaining Positive Change
    - Handling Difficult Emotions
    - Family Dynamics
    - Substance Abuse
    - Relationship Skills
    - Personal Inventory and Life Skills
    - Getting the Right Job
    - Life Skills
    - Victims Awareness
    - Values
    - Gang Awareness
- Individual and Group sessions in areas such as:
    - Anger Management
    - Sex Behavior Treatment
    - Life Skills
    - The Offender Cycle
    - Impulse Control
    - Criminal Thinking

As for monitoring, the following efforts have been undertaken:

- Outside room time has been established at a minimum of three hours for all restricted programs (August 24, 2007, memorandum from Director of Facilities, Sandra Youngen). To monitor this, each facility is required to provide a weekly Temporary Detention Program Report to the Director of Facilities in which I receive a copy. This report identifies the total mandated services records for the week, the total records with time out of room deficiencies, and the percentage of total records with time out of room deficiencies. If the report does not indicate 100 percent compliance, the Superintendent is required to provide a written explanation and analysis within three working days to the Director of Facilities.

- To further emphasize the importance of need for our youth to get out of their room and receive the required programs, On May 30, 2008, a joint memorandum from myself and the Director of Facilities was distributed to all Superintendents, Principals, and Health Care Managers outlining our expectation that they work collaboratively to ensure that youth, including those in the Special Management Programs, receive the services required. If issues cannot be addressed at the facility level, then the Director of Facilities and I would respond to ensure the issues are addressed timely. The way in which we would become aware of this is through the weekly conference calls with the Superintendents in which the Director and I participate or during my weekly management team meetings where I have asked that this information be discussed and addressed.

With respect to the number of hours that youths spend out of their rooms, the following information provides the number currently housed in the Special Management Programs, the average length of stay, and the average time spent out of their rooms:

As of July 4, 2008, the following reflects the number of youths assigned to a Special Management Program:

N. A. Chaderjian Youth Correctional Facility	9
Herman G. Stark Youth Correctional Facility	38
Preston Youth Correctional Facility	28

Between April 1, 2008 and June 30, 2008 (Second Quarter), the following reflects the average length of stay in a Special Management Program:

N. A. Chaderjian Youth Correctional Facility	47 days
Herman G. Stark Youth Correctional Facility	47 days
Preston Youth Correctional Facility	66 days

From June 15, 2008 through 21, 2008, the following reflects the average time the youths spent out of their rooms:

N. A. Chaderjian Youth Correctional Facility	164 minutes*
Herman G. Stark Youth Correctional Facility	180 minutes*
Preston Youth Correctional Facility	177 minutes*

*The averages do not reflect an accurate picture. Examples include: the time a youth arrives in the program may preclude them from participating in the mandated three hours for that day and thus the data reflects no hours of time out of the room; also, if a youth refuses to participate in out of room activities the data reflects no hours out of the room. Both of these examples will result negatively impact the average.

11. How many offenders spend time outside of living units on a daily basis? What steps have you taken regarding outdoor exercise cages?

All youth are provided the opportunity to spend time outside of their living units. This time consists of school attendance, individual and/or group sessions, medical services, mental health services, personal hygiene, recreation, religious services, visiting, and meals. There are times when a youth voluntarily declines these opportunities and the Department documents each of those.

In cases where a youth's behavior is assessed as a threat to others, or jeopardizes the safety and security of the facility, restrictions are placed on that youth's opportunity to participate in daily activities. Again, when these issues occur, the DJJ documents such events.

As for the outside exercise yards, the planning for outside secure recreational areas is underway. For example, there will be larger areas than what is provided now for those youth assigned to restricted living units. These areas will have no-climb material on the fence and will have an open top with sections covered for shelter from the elements.

Recognizing that Bernard Warner, Chief Deputy Secretary, Juvenile Justice, and his staff have to work within the size constraints of existing facilities until modern replacements can be built, outside experts retained by the Department recommended that existing housing units of 36 to 38 beds be divided into two sections whenever possible. In a 2006 letter to the Senate Rules Committee, Mr. Warner predicted that by last June, a visitor would be able to walk through new core treatment facilities and find youth involved in education and other programs outside of their rooms for most waking hours.

12. *In your view, what is the optimum size of a housing unit, and how close are you to reaching that goal?*

In my view, the optimum size of a housing unit is dependent upon our ability to provide the necessary services, along with a safe environment for staff and youth alike. The housing unit size as identified in the response to question eight is a very good starting point in which to measure our efforts.

As we move forward, the determining factor of an optimum living unit size will be measured by the results of our efforts to provide adequate services to the youth within those living units. The DJJ is closer to meeting the living unit sizes. As we realign our population and open new programs such as the Behavior Treatment Program, the DJJ will reach each of the living unit size.

As also provided in response to question nine, the following chart indicates DJJ's efforts in providing adequate services within the living units:

TYPE OF LIVING UNIT	POPULATION CAPS	NUMBER OF LIVING UNITS OPEN	LIVING UNITS IN COMPLIANCE WITH CAPS	PERCENTAGE IN COMPLIANCE
CORE TREATMENT - LOW RISK	38	11	9	82%
CORE TREATMENT - HIGH RISK*	36	13	7	54%
SEX BEHAVIOR TREATMENT PROGRAMS	36	6	2	33%
SUBSTANCE ABUSE TREATMENT PROGRAMS	36-38	4	4	100%
SPECIAL COUNSELING ROGRAMS	24	4	2	50%
INTENSIVE TREATMENT PROGRAMS	24	5	5	100%
INTENSIVE BEHAVIOR TREATMENT PROGRAMS	20	0	0	0%
BEHAVIOR TREATMENT PROGRAMS	24	0	0	0%

*** Includes Special Management Programs and Intensive Treatment Programs**

13. Where are you now relative to Mr. Warner's prediction? Please describe what you believe the juvenile division will look like a year from now and five years from now.

In June 2006, Mr. Warner predicted that, "One year from now, you will be able to walk into two of DJJ's eight facilities and find a markedly different environment. By the end of the next fiscal year, we will complete the conversion of Chad to a specialized treatment facility. Chad will no longer serve as the 'end of the line' facility as it once was. Instead, it will be comprised of specialized programs for youth with mental health needs and for youth needing sex behavior treatment."

I believe we have reached many of the predictions as described by Mr. Warner. There is no doubt that the environments of the current six facilities are very different from what it was in 2006. As an example, on June 30, 2006, Chad's population was 311, as of the June 30, 2008, the population was 211. In June 2006, Chad was one of the most challenging facilities to manage. Today, we have begun to implement the specialized programs for mental health and sex behavior treatment and Chad is no longer one of the most challenging facilities to manage. At Chad, in the first quarter of 2006, the number of youth involved in incidents of violence was 56. In the first quarter of 2008, the number of youth involved in incidents of violence was 30.

During the next year I believe we will reach our living unit sizes, implement policies that will result in our youths receiving better mental health care and educational services, and staff will be trained in areas that will enable them to actively engage with the youth in all settings. In addition, every facility has hired multiple cases mangers who will be assigned to youth whose sole responsibility will be to implement and manage the Youth Assessment Screening Inventory. This inventory will provide an initial risk profile of the youth and will be measured every 120 days to ensure the appropriate programs are being offered. This inventory will also measure the success of those efforts.

In five years, our staff will be fully engaged with the youth under our care. All youth will receive the programs that they need to be successful while with us, and more importantly, the programs that will allow them to be successful after their release back into their communities.

The culture of the DJJ will have shifted from one of a correctional model to one that is based on treatment. If funding is secured, new facilities will be built, or existing facilities will be modified to address the needs of our youths. We will have living units that allow for the flexibility to provide services to both high risk as well as low risk youth alike. Not only will these facilities provide all the programming and office space required, they will have adequate health care space to provide the necessary medical, dental, and mental health services.

Coordination

With planned closures, you will oversee programs in a half-dozen facilities scattered throughout different parts of the state from Stockton to Chino.

14. When you visit facilities, what are the benchmarks you look for to measure whether offenders are programming efficiently, such as regularly attending class?

Before I visit a facility, I gather data on the various programs administered at that facility to get a better understanding of how they are performing. This data may be what is already measured either by the *Farrell* experts or by our staff, or it may be information gathered through conversations I have had with key stakeholders, such as the Office of the Ombudsman.

Once on site, I meet with the Superintendent, Chief Medical Officer, and Principal. I get a sense from them of the current issues they are facing, and more importantly, I get a sense of how they are working as a team to address the day-to-day activities of the facility. As I visit each area of the facility I talk with staff and youths to get their perspectives as well.

There are several key benchmarks that I look for during my visits:

- Are youth are out of their rooms and participating in school, treatment groups, recreation, work assignments and other social activities;
- Are rooms clean;
- Is the facility clean;
- Are the youth well groomed;
- Are the staff actively engaged with the youth;
- Does the staff know the youth on their living unit and do they know their needs;
- Is staff actively engaged with each other to know the needs of the youth;
- Are treatment team meetings taking place.

15. Who is responsible for initiating programs? What role do superintendents play? Can a superintendent start an academic or vocational program or self-program, or must they clear that action with headquarters? How often do you meet with superintendents?

I firmly believe that program development and initiation is an undertaking that has to be done in a collaborative effort between all staff within the DJJ. Every staff person should feel empowered to suggest improvements to existing programs, or suggest alternative approaches that may result in better services to the youth. Nothing should be developed in a vacuum, either at the facility level or at headquarters.

With this in mind, if a Superintendent has an idea for an alternative approach or program that will better serve the needs of the youth, I would expect them to work with the leadership team at the facility, and in consultation with the leadership team at headquarters, scope out the details of the proposal and recommend what efforts they believe can be undertaken.

I believe the primary role of staff in headquarters is to review the proposals in context of the broader statewide efforts either underway, or those that may be in the planning phases, and seek out the necessary resources to achieve the desired results.

As for how often I meet with the Superintendents, I participate in weekly conference calls with all the Superintendents, attend the quarterly Superintendents meetings, meet with them individually during my visits to their facility, and will talk with or meet with them at any time when the need arises.

Staffing and Training

Over time, national experts who studied the division said the juvenile system has come to reflect a miniature version of the adult prison world. Without the capacity to manage reform, they said, needed changes will not occur in organizational structure and appropriate management culture.

16. ***In 2006, Mr. Warner indicated that by fiscal year 2009-2010 you would need an estimated 1,400 new staff. Is that estimate still accurate, or has it changed?***

Much has changed since 2006 when Mr. Warner made his predictions. The DJJ has experienced a reduction in population and as recently as this month, has closed two facilities. However, the number of staff needed to serve the youth is driven by a staff to youth ratio that was agreed to in each remedial plan. Therefore, given our population has gone down, the corresponding number of staff required has slightly decreased since Mr. Warner's prediction.

To date, an estimated 1,200 new staff have been authorized to fulfill the youth to staff ratio agreements. The breakdown is as follows:

Safety and Welfare – 589
Education – 235
Mental Health – 224
Health Care – 108
Sex Behavior Treatment – 33
Wards with Disabilities – 11

It should be noted that the DJJ under the direction of the Administration and Operations Division, will be performing a staffing reconciliation project once the population realignment and closure processes are completed. This project will ensure our staffing is in alignment with the remedial plans.

17. To better inform their decisions, do you brief members of the Juvenile Parole Board on the type of programs offered in your institutions?

I attend the Juvenile Parole Board meetings on a regular basis to provide overviews and updates, and to address the commissioners questions and concerns, related to programming in the facilities. In addition, I assist the Board by arranging more in-depth training by the professionals on my staff at headquarters and in facilities, and consultants, on issues such as the new risk needs assessment instrument, and programming associated with the integrated behavior treatment model.

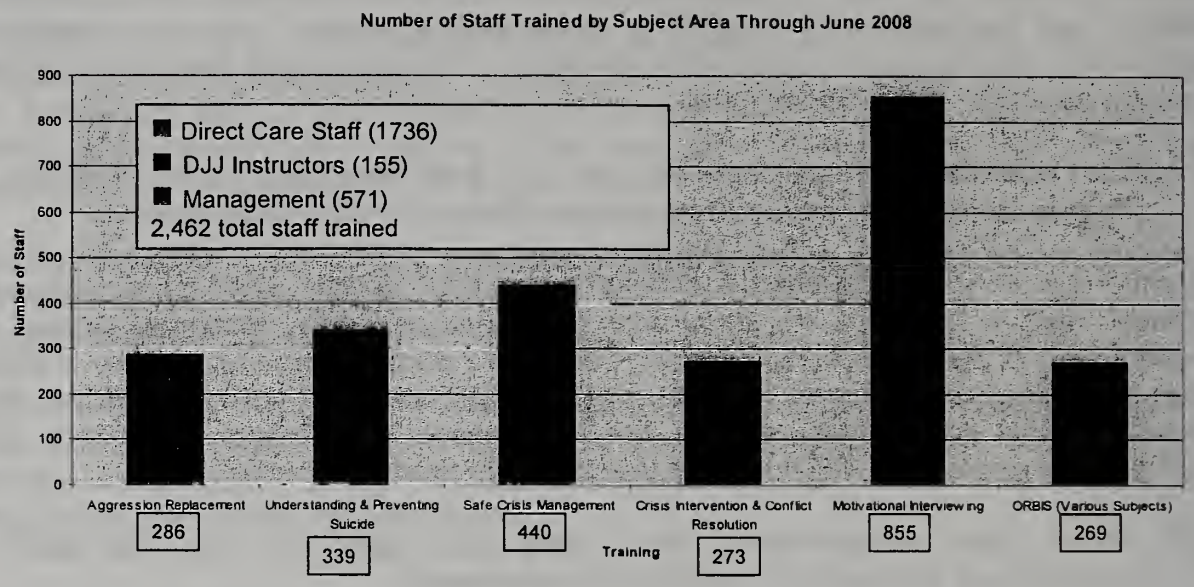
18. Since your appointment, what have you done to help the staff understand the value of a culture of treatment?

In order for staff to fully understand the value of a culture of treatment, they must first understand that the culture of the DJJ has changed from one that was based on a pure correctional model to one that is built upon a treatment model.

When I visited each facility for the first time, I asked staff if they understood the conceptual change and what role they play in supporting this effort. In cases where staff may not have been fully aware, I spent the time explaining the reasons why we are focusing on the youth, with much of the conversation around the need to deal with the underlining factors behind the behavior that led them to their commitment with us. Ongoing communication is required when changing the culture of any organization. Therefore, my efforts to communicate the value of treatment are also ongoing. I take advantage of every opportunity to reinforce the reasons why we are changing and what staff can do to assist in that effort.

Lastly, the DJJ is providing a lot of training to staff to support the treatment culture. These training sessions provide staff with the tools to engage youths in a proactive and positive manner, thus building upon the foundation of a treatment model.

Through June 2008, over 2,400 staff has been trained in a variety of subject areas as indicated in the following chart:



19. Have you acted since your arrival to ensure that employees in juvenile justice institutions and parole offices around the state have direct and effective access to you? If so, how?

My visits to each facility within the first 90 days and subsequent visits to the facilities have demonstrated my commitment to be accessible to staff. Part of my goal in visiting each facility was to introduce myself to staff and ensure that they knew I was accessible.

In addition to facility visits, I participate in meetings that are intended to bring facility staff and headquarter staff together. Examples include the monthly Principal's meeting and quarterly Health Care Leadership meetings.

I also fulfilled a request made by the teachers at Chad during my first visit to come back and meet with them. I committed to doing so once my remaining facility visits were completed, and I did so.

Other examples include conversations with staff by phone and e-mail who want to share information, raise concerns and/or issues, or seek guidance. When I return phone calls or e-mails, staff have said they were surprised that I directly responded to them. I have committed to be responsive and to be so in a timely manner.

Given my first priority was to visit each facility, I have not yet had the opportunity to visit each parole office. However, I have a very good working relationship with the Director of Juvenile Parole Operations and have worked collaboratively on issues to date that cross over. An example is the LH Lawsuit that was recently settled and requires joint partnerships between Parole, Facilities and Programs in order to be successful.

I fully recognize the importance of reaching out to the parole office staff and intend to begin visits to the parole facilities during the second half of my first year.

Outcomes

Mr. Warner previously committed the division to implementing Performance-Based Standards, a nationally recognized performance management system. He said it has 105 outcome measures for correctional facilities. This system allows California to compare itself to other states.

20. What is the status of the implementation? What do any preliminary results indicate about how California measures up against other states?

The implementation of Performance-Based Standards (PbS) has begun. The preliminary results from the April 2008 data collection cycle demonstrate how California compares to other states in the areas of safety, order, security, and health care as reported:

Safety:

- Facilities reported one percent fewer injuries than the national average;
- Injuries to staff: two percent less than the national average;
- Injuries to youths by other youths: 76 percent less than the national average;
- Injuries to youth during the application of physical and/or mechanical restraints: 70 percent below the national average;
- Assaults on staff: 73 percent below the national average;
- Staff who reported they fear for their safety: 25 percent below the national average;
- Youth who fear for their safety: ten percent below the national average;
- Assaults on youth: five percent higher than the national average. The assault category for PbS includes batteries, mutual fights, and group disturbances;
- Suicidal behaviors with injuries: 67 percent less than the national average;
- Suicidal behaviors without injuries: 64 percent less than the national average;
- Average daily ratio of direct care staff to youth: nine percent higher than the national average.

Order:

- Use of physical restraints: 75 percent less than the national average;
- The use of isolation, room confinement, and segregation/special management unit: 67 percent less than the national average;
- During the October 2007 data collection period, the average number of idle waking hours was 44 percent higher than the national average. We now

report virtually the same amount of time: 1.06 hours for the Department compared to 1.06 nationally;

- Use of mechanical restraints: 48 percent more than the national average. However, this is a major improvement in that during the October 2007 data collection period, mechanical restraint usage was reported as 199 percent higher than the national average;
- Overall, the usage of chemical restraints has increased by 74 percent over the October 2007 data collection period;
- Although DJJ uses isolation less than the rest of the nation, when it is used, it is used for longer durations. The average length of time spent in isolation, room confinement, and segregation/special management unit was reported to be 19 percent above the national average. Compared to the prior data collection period, this is a major improvement as we were then reporting 223 percent above the national average.
- The number of youths who were released from isolation, room confinement, and segregation/special management units in less than four hours: 60 percent less than the national average;
- The number of youths who were released from isolation, room confinement, and segregation/special management units in less than eight hours: 63 percent less than the national average.

Security:

- As the number of escapes from any DJJ facility was zero, DJJ was 100 percent better than the national average;
- The rate of weapons contraband incidents: 34 percent lower than the national average;
- The rate of drug contraband incidents: 135 percent higher than the national average. Again, this is a major improvement from October 2007, when DJJ reported a 250 percent higher rate than the national average.

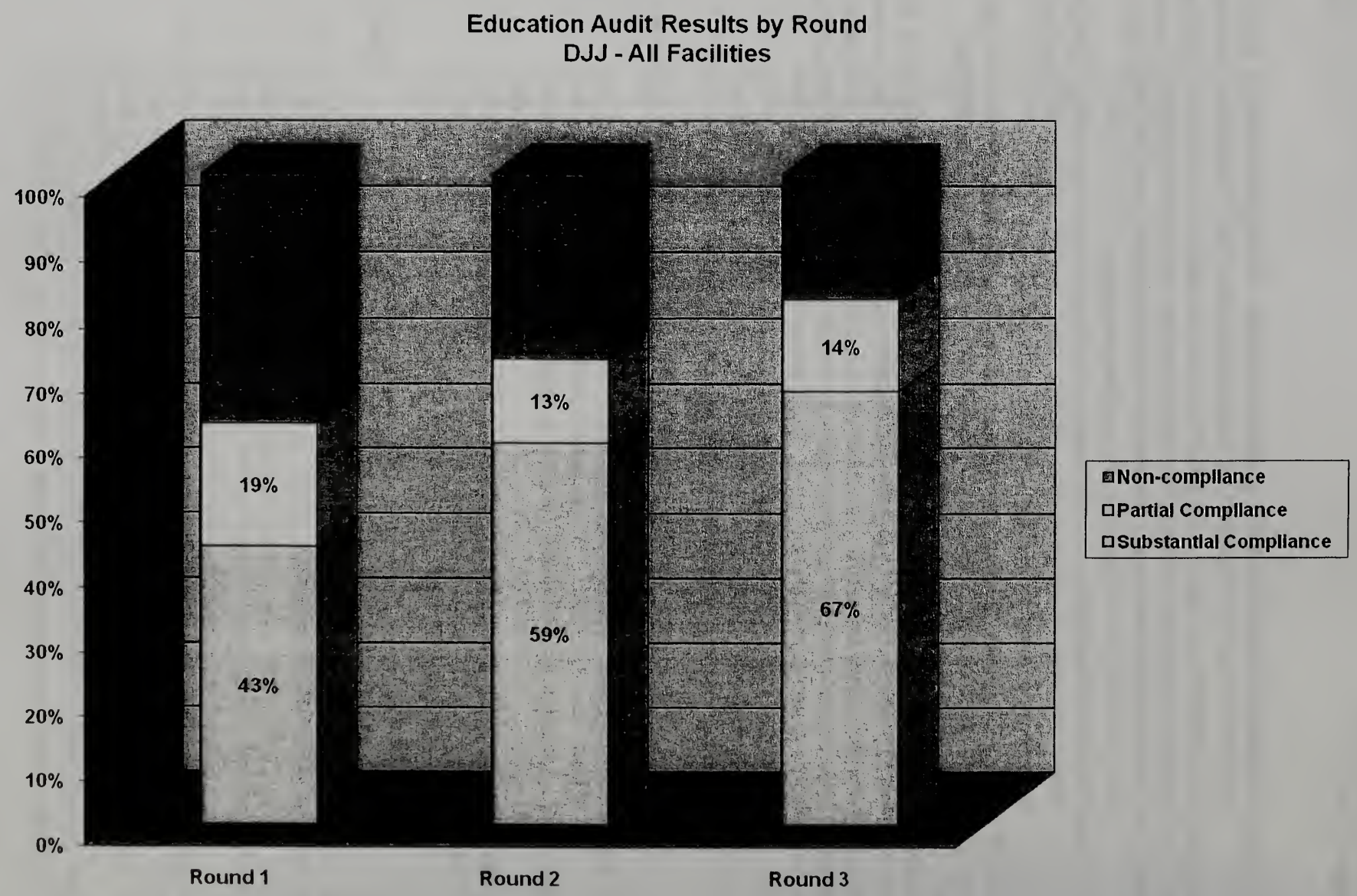
Health:

- The DJJ has initiated a statewide facility improvement plan to address the lack of documentation in regard to health assessments. In most facilities, this facility improvement plan is considered closed and documentation is fully in place. In the other facilities, the facility improvement plan remains open only to monitor that the documentation is being completed as required;
- The percentage of youth who received health assessments within six months prior to, or seven days after, admission was reported as four percent higher than the national average. During the October 2007 data collection, this was reported as 19 percent lower than the national average;
- The percentage of youth who received mental health assessments within six months prior to, or seven days after, admission was reported as

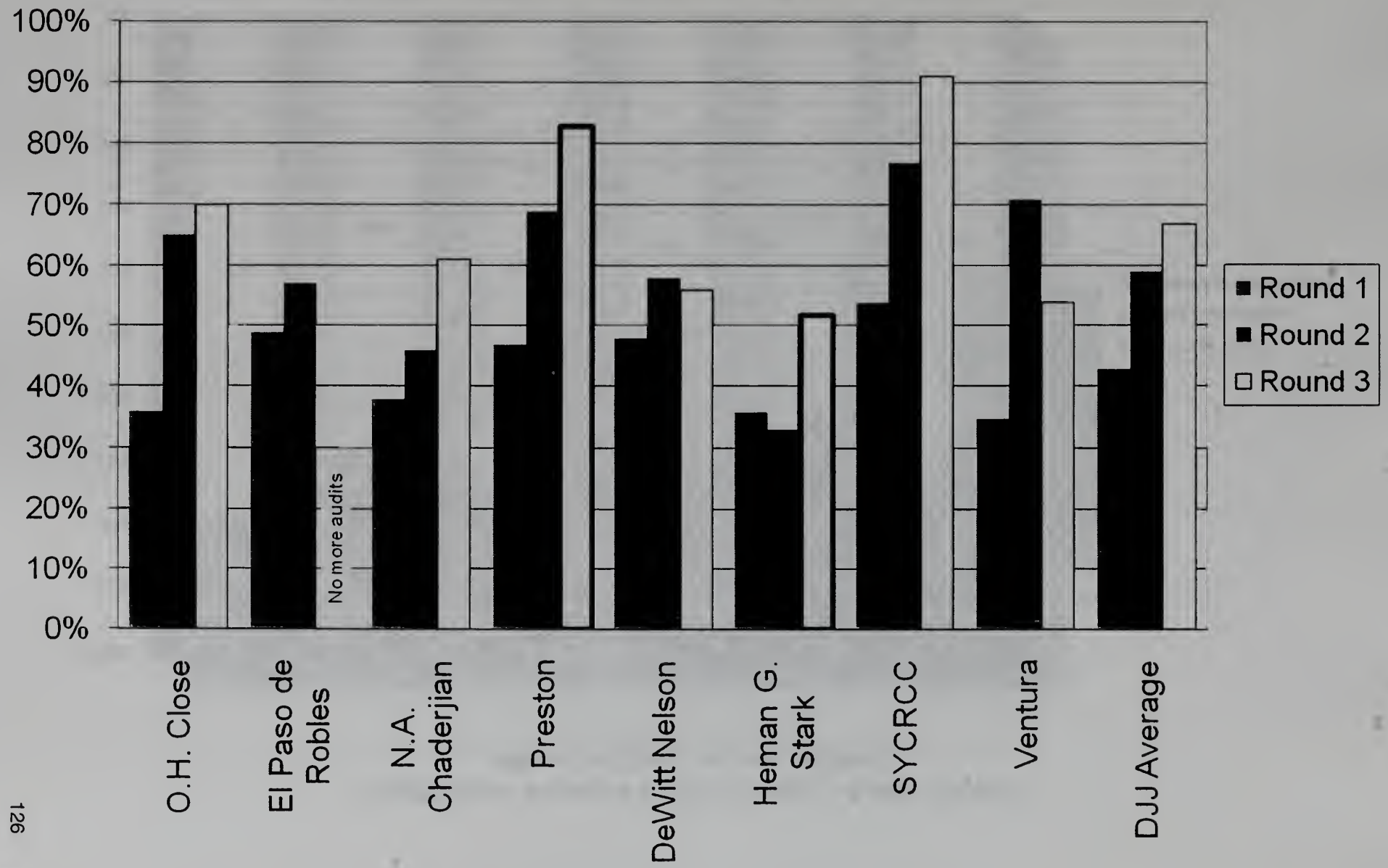
12 percent higher than the national average. During the October 2007 data collection, this was reported as six percent lower than the national average;

- The percentage of youth who received a complete intake screening by qualified staff was reported as eight percent less than the national average. This is an improvement over the previous collection cycle, at which time DJJ reported 18 percent less than the national average;
- The percentage of youth who received a health intake screening by qualified staff within one hour of admission was reported as 40 percent less than the national average;
- The percentage of youth who received an intake screening prior to housing assignment was reported as 76 percent less than the national average.

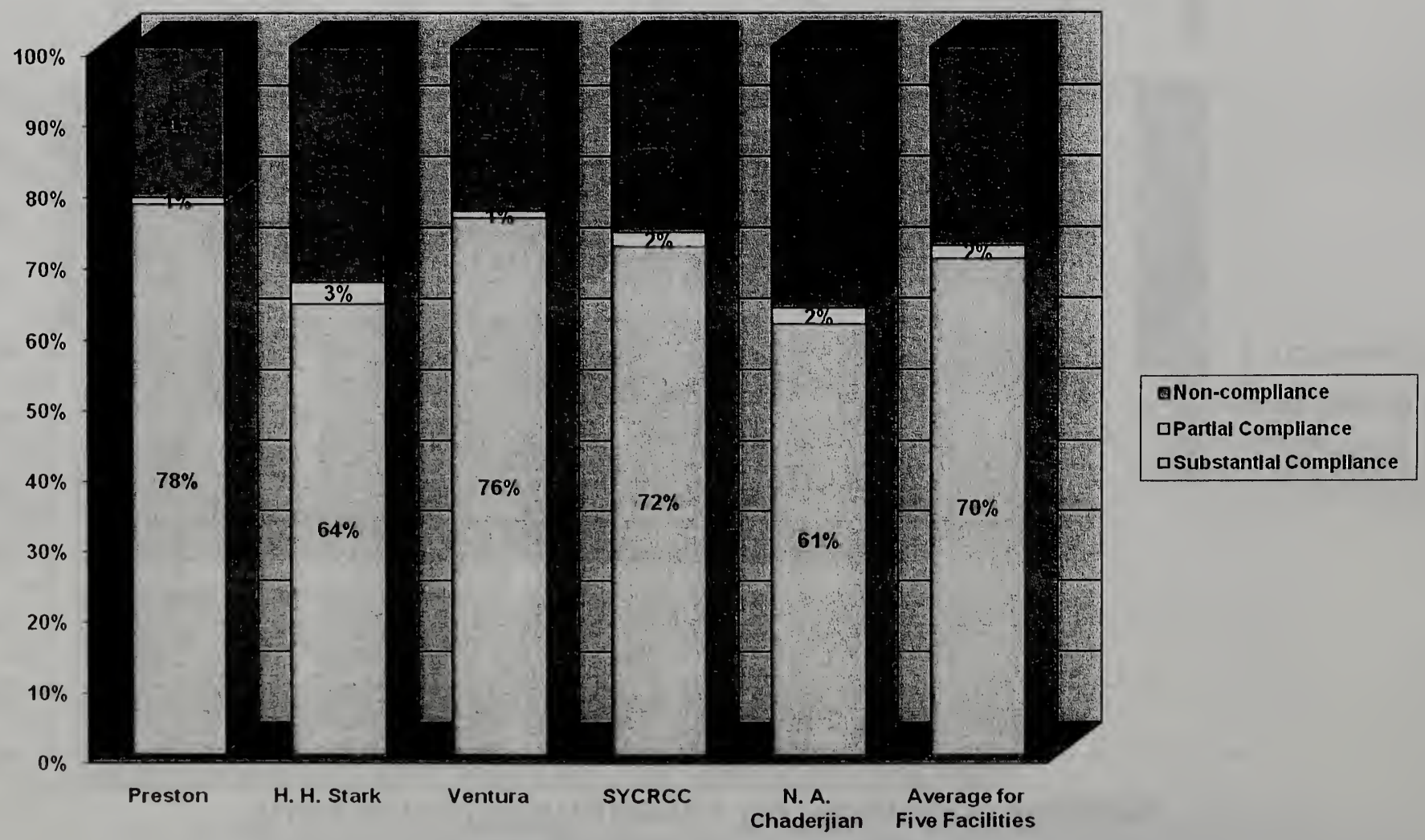
As can be gleaned from the preliminary data above, the DJJ is making great strides in the areas of safety, order, security and health care. As we continue to use the PbS Critical Outcome Measures, we will be able to continue the comparison of California with the national average, yet more importantly, we can determine what areas we need to pay closer attention to.

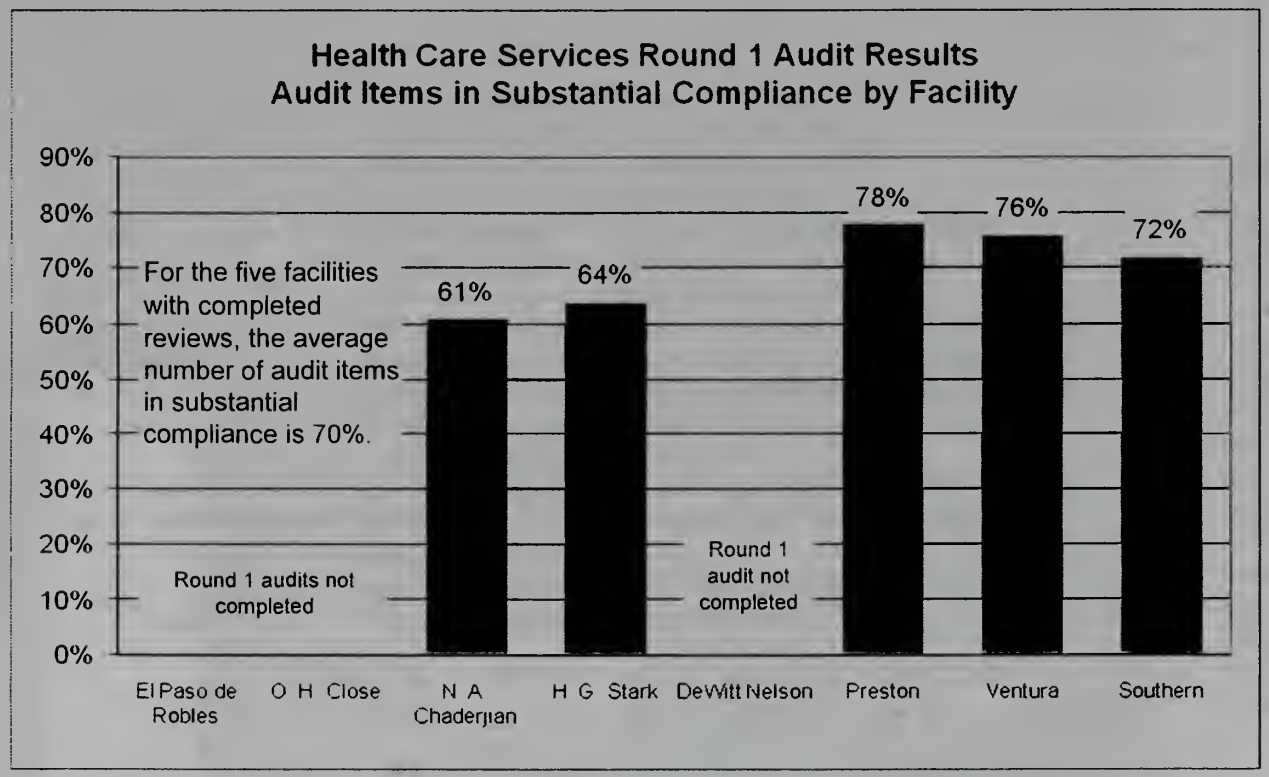

Education Audit Results by Round
DJJ - All Facilities
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
19%
43%
13%
59%
14%
67%
Round 1
Round 2
Round 3
Non-compliance
Partial Compliance
Substantial Compliance

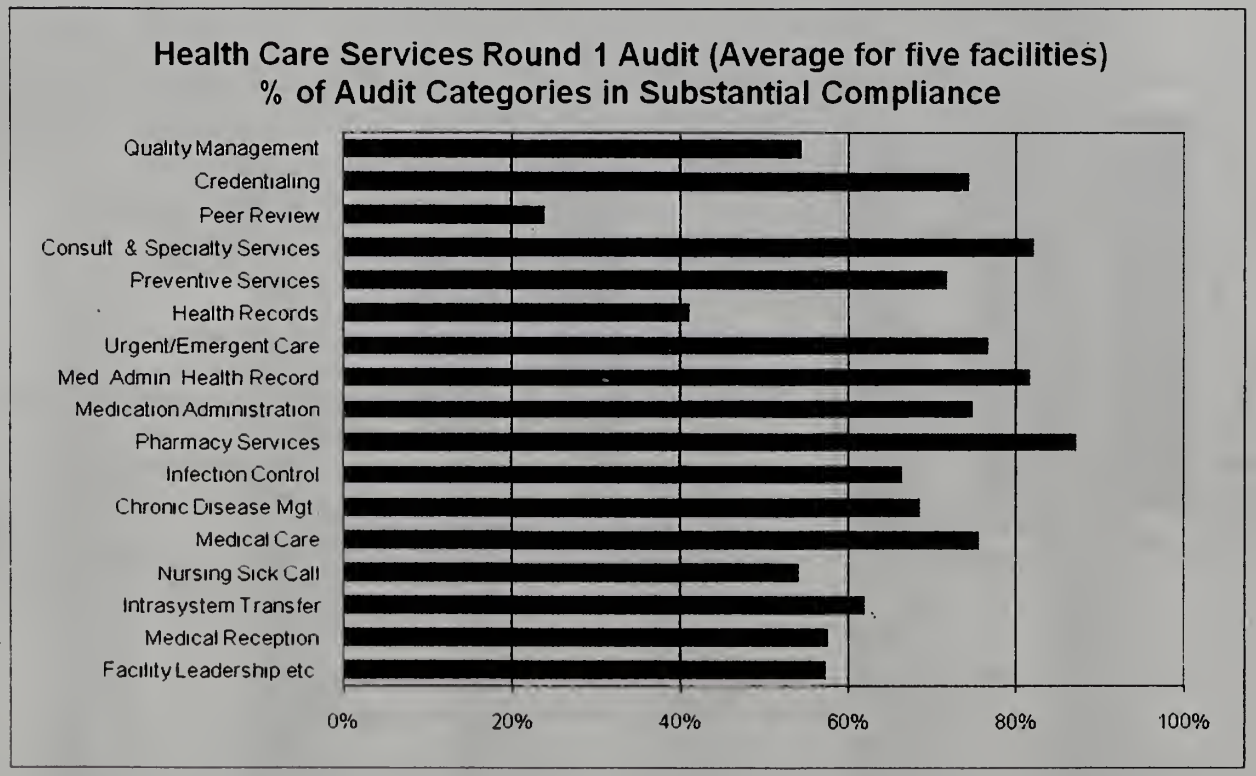
Education Audit Results
Substantial Compliance by Round by Facility



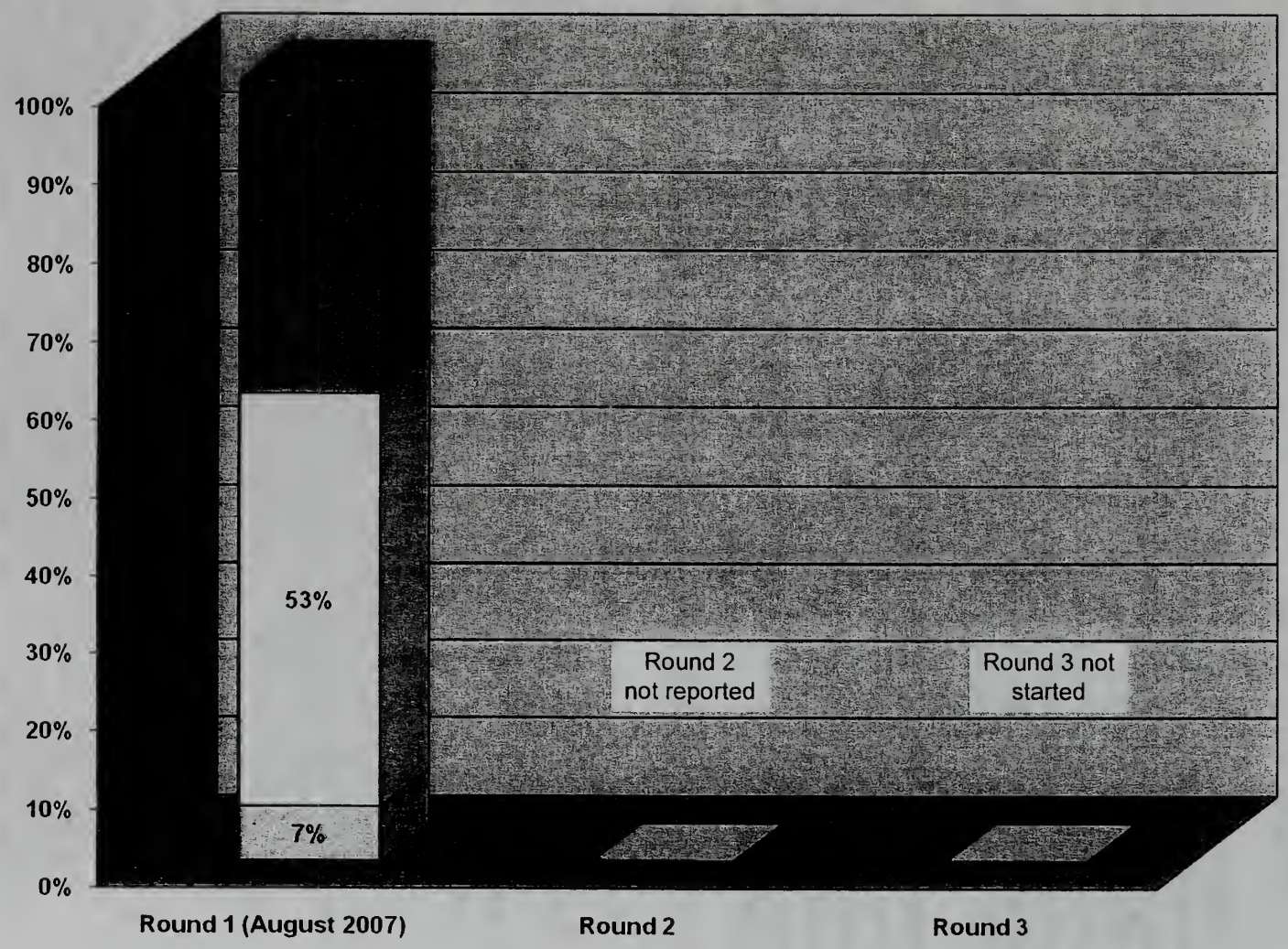
Health Care Services Partial Round 1 Audit Results
(other facilities not yet audited)




Health Care Services Round 1 Audit Results
Audit Items in Substantial Compliance by Facility
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
For the five facilities with completed reviews, the average number of audit items in substantial compliance is 70%.
Round 1 audits not completed
Round 1 audit not completed
61%
64%
78%
76%
72%
El Paso de Robles
O H Close
N A Chaderjian
H G Stark
DeWitt Nelson
Preston
Ventura
Southern


Health Care Services Round 1 Audit (Average for five facilities)
% of Audit Categories in Substantial Compliance
Quality Management
Credentialing
Peer Review
Consult & Specialty Services
Preventive Services
Health Records
Urgent/Emergent Care
Med Admin Health Record
Medication Administration
Pharmacy Services
Infection Control
Chronic Disease Mgt
Medical Care
Nursing Sick Call
Intrasystem Transfer
Medical Reception
Facility Leadership etc
0%
20%
40%
60%
80%
100%

Sexual Behavior Treatment Program Audit Results by Round
DJJ - All Facilties with Sex Behavior Programs



- Non-compliance
- Partial Compliance
- Substantial Compliance

The Sex Behavior Treatment Plan was filed in May 2005. So far there have been two audits but only one that has reported levels of compliance. The audit with compliance levels also gave a single rating for all programs rather than separate evaluations for each program.

Teresa M. Takai
Responses to Questions from the Senate Rules Committee
July 23, 2008

Goals

1. *Please provide us with a brief statement of goals. What do you hope to accomplish during your time as the state Chief Information Officer (CIO)? How will you measure your success?*

Consistent with California's reputation as the nation's "Silicon" state, my foremost goal is to make California state government the leader among the states in using information technology to enable the delivery of consistent, innovative, reliable, and secure services that satisfy the needs of residents, businesses and public sector agencies.
Central to this goal is my desire to make government information *available* and *accessible* to anyone, in anyway, from anyplace, at anytime in a way that is *affordable* to the taxpayers. I am also fully committed to protecting the privacy and security of the information that Californians provide to their government.

Research conducted by the Pew Institute's Government Performance Project has shown that states like Michigan, Virginia, Utah, and Washington, which manage information from an enterprise (statewide) perspective rather than according to departmental silos, are well-managed states. I want to make sure that California manages information to drive decision-making and improve the performance of government.

To accomplish these goals, my office will concentrate our work in five areas:

1. Leadership – we will organize the state's IT professionals into a community of interest with common purpose; produce a statewide strategic plan to set direction; establish appropriate relationships with the vendor community; and educate decision makers and other interested stakeholders on the key role that information technology plays in delivering government services.

2. Enterprise – we will continue our move toward more consolidation and shared services; align IT investments with programmatic business needs by developing enterprise architecture (i.e. industry standards implemented statewide) and enterprise purchasing; increase resources for enterprise security; improve the process for funding IT projects and focus on IT spending control; and establish an integrated governance approach that includes portfolio management (i.e. coordinated management of state government's IT investments).

3. Project Management – we will strengthen project management capabilities statewide with improved methods, practices and training; establish qualifications for and certify state project managers; recruit, retain and refresh the skills necessary to develop, implement and maintain next-generation applications; promote risk management as a core competency through training and certification; and establish an Enterprise Program Management Office.

4. Policies and Practices – we will refresh the policies and practices that guide IT decision making; integrate business and technology strategic planning; implement a statewide IT capital planning process that includes projects and investments (and necessary documentation) proposed over a five-year period; and redesign the IT project approval and oversight process that spans project conceptualization, business case analysis, budget review/funding, acquisition, implementation and maintenance.

5. Workforce – we will engage in a comprehensive and inclusive workforce and succession planning effort; work cooperatively to modernize hiring process for IT workers; expand training and professional development programs; and enhance recruiting and retention efforts.

Given the extent and diversity of these activities, we will employ a variety of measurements to gauge our progress. The measures of success will range from simply completing the action, reporting on compliance, and surveying involved parties.

With respect to our focus on transforming the way the state delivers services to residents and businesses, our targets are:

- Increase the number of transactional based self-services by 50 percent by December, 2009.
- Improve the adoption rate of electronic self-service channels by 50 percent by December, 2009.
- Provide 90 percent of government transactions electronically by December, 2010.

2. *Your office's Web site indicates that the role of the state CIO is to be "a strategic planner and architect for the State's information technology programs" and "a leader in formulating and advancing a vision for that program." Please describe the concrete steps you will take in both the near and long-term to accomplish these objectives. What will your priorities be?*

In addition to driving improvements to the quality of services and the efficiency of state IT operations, I will lead the collaborative effort to develop and implement California's Statewide IT Strategic Plan that will include actionable strategies to modernize California state government through the use of technology. Consistent with SB 90 (Chapter 183, Statutes of 2007), the IT Strategic Plan will be submitted to the Joint Legislative Budget Committee on January 15, 2009.

We will also integrate business and IT planning and establish the policies necessary to connect project initiation to funding approval and to acquisition and application development. Within the past few weeks, we have initiated the IT capital planning process (see Attachment 1) to ensure that IT investments support state and agency

priorities and programmatic mission. These plans will also be used to align IT investments with the state's technology architecture and enable data sharing.

Nothing is more important to California's IT future than the completion of the Enterprise Architecture – the statewide "blueprint" for defining the current and desired technology environment. We have completed the first and most important document, the California Enterprise Architecture Framework, which lays out an end-to-end process to initiate, implement and maintain the State's enterprise architecture program[1]. I am working collaboratively with state program and IT leaders to finish this work by completing the Business Reference Model, a high-level representation of the business of government. As California state government moves to higher levels of system aggregation, we will rely on the Business Reference Model to establish the commonalities across lines of business in order to reduce redundancy, integrate services and unlock the many opportunities to share data.

In summary, my key priorities are:

- ✓ Developing and implementing the California Statewide IT Strategic Plan.
- ✓ Completing the Business Reference Model and the Enterprise Architecture.
- ✓ Establishing integrated business and IT planning.
- ✓ Consolidating IT infrastructure to enable shared services.
- ✓ Recruiting, retaining and refreshing key IT competencies.
- ✓ Tightening security and privacy safeguards by establishing enterprise policies and employee training programs.
- ✓ Ensuring that technology is acquired and utilized in a way that is environmentally sustainable and that technology is used to achieve the environmental goals articulated by the Governor and the Legislature.

3. *What do you see as the most significant IT challenges facing California? Are these challenges similar to those of other large states such as Michigan—where you were previously the state CIO—or are the challenges unique to California?*

The most significant IT challenges facing California center on:

- Strategic planning and integrated IT governance;
- Establishing enterprise architecture;
- Consolidating resources and sharing services;
- Effectively managing IT projects;
- Recruiting and retaining a skilled workforce; and
- Enhancing security.

[1] See www.cio.ca.gov/stateIT/enterpriseArch.html

These challenges are similar to those I faced in Michigan and those faced by most large states. In fact, the National Association of State Chief Information Officers (NASCIO) published their top CIO IT Priorities for 2007, which included:

- Legacy modernization;
- Security enhancement;
- Architecture and Web services; and
- Consolidation of computing and storage.

While the IT challenges facing all large states are similar, California faces the especially daunting challenge of implementing many large IT projects within the context of similarly large, complex and diverse government programs. The scope and scale of California state government causes even seemingly simple projects to become large, difficult and complicated to implement and maintain. Large systems integration projects require significant experience, judgment, and management skill in addition to creative thinking, structured planning and collaboration. In sum, they challenge the best people and the best practices of project management.

Risk is inherent in all IT projects and the larger and more complex the project, the greater the risk. State governments in general, and California state government in particular, have reacted to risk by implementing layer upon layer of oversight. While oversight is necessary, it is insufficient if it perpetuates a culture that unrealistically seeks to eliminate risk. We must accept that risk exists and work to effectively manage it by coupling strong project structures with rigorous project management and internal vigilance.

Office of the State Chief Information Officer

Established in 2007, the Office of the State Chief Information Officer is a cabinet-level agency with responsibility for IT strategic planning and policy, project approval, and oversight. The state CIO is also responsible for coordinating the activities of agency and department CIOs and the director of the Department of Technology Services and promoting the efficient and effective use of IT in state operations.

4. *Please describe your efforts to coordinate the activities of agency and department CIOs and the director of the Department of Technology Services. What have been the challenges?*

When the statutes that established the former Department of Information Technology expired, the position of CIO was established by Executive Order. Without appropriated resources or staff, my predecessor, Clark Kelso, was charged with providing leadership on information technology policy. Over time, a consensus-based governance process evolved that drew upon IT leaders from across government in setting overall IT strategy and policy. Now that the role of the CIO is defined in statute, I have moved forward by

establishing a policy and strategy setting process that while center-led, is collaborative, inclusive and maintains multiple forums to discuss IT issues.[2]

In an effort to coordinate the activities of agency and department CIOs and the director of the Department of Technology Services, I hold monthly meetings to discuss IT policy and strategy issues. In addition, I work directly with agency and department CIOs and the director of the Department of Technology to address issues related to individual IT programs and projects. These efforts have been supplemented by my interactions with Agency and department executives on programmatic issues that require IT solutions. Beyond direct interactions, I have established the IT Policy Letter (similar to the Budget Letter) to formally announce IT policy and have begun the process of normalizing the roles, responsibilities and reporting relationships of Agency and department CIOs.[3]

I am pleased to report that the relationships between my office, the governance councils, agency and department CIOs, and the director of the Department of Technology Services are active, strong and collaborative.

5. *Who should be held accountable for the "state of the state's" IT services?*

While there are several agencies and individuals involved in the delivery of IT services, as State CIO I should be held accountable for the "state of the state's" IT services.

6. *In your testimony before the Little Hoover Commission at its hearing regarding data and technology on May 22, 2008, you indicated that the Governor and the Legislature—by creating the Office of the State CIO—have put the building blocks in place for a strong IT program and it is now "our responsibility to build on that foundation by using information technology to create a more efficient and responsive state government." What concrete steps has your office undertaken, or does it plan to undertake, to make state government more responsive and efficient?*

I believe that we must have an enterprise (statewide) focus in order to make state government more efficient and responsive through the use of information technology.

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[2] The major governance bodies which I have continued to support include:
•The Information Technology Council (IT Council) advises the State CIO on overall IT planning and policy, primarily from a technology perspective (includes topic specific subcommittees);
•The Technology Services Board (TSB) governs the Department of Technology Services and sets policy on enterprise services provided by the Department of Technology Services; and,
•The Enterprise Leadership Council (ELC) provides a forum for Executive Branch agencies to discuss and resolve programmatic business issues related to enterprise-wide IT.

[3] Agency CIOs are responsible for overseeing the management of assets, projects, data systems, and IT services in the departments of their Agency. Department CIOs are directly responsible for all IT activities within their department and accountable to the State CIO through the Agency CIO for purposes of reporting departmental IT performance.

Specifically, my office has focused on the need to transform the state's existing voice and data networks to support new Web-based applications, support future consolidation initiatives (e.g. data center, local area network, desktop, voice and applications) which provide a significant opportunity to reduce state operating costs and energy usage while enhancing security and Continuity of Government (e.g., disaster recovery). Enterprise network infrastructure modernization is also necessary to achieve data sharing (data interoperability) and shared business services. In July 2008, my office in partnership with the Department of Technology Services established a roadmap modernizing the existing California State Government Network (CSGNet) within two years and achieving a single statewide voice and data network within five years.

From an enterprise perspective, my office will also complete the development of the Statewide Enterprise Architecture, integrate business and IT planning, and develop a durable project governance structure. Specific actions taken by my office to date include:

- Establishing the process and practices for developing Enterprise Architecture at the state- and Agency-level by June 2009.
- Directing state agencies to complete integrated five-year IT capital plans for submittal to my office and the Department of Finance by October 2008; these plans will rollup into the Statewide Five-Year IT Capital Plan which will be submitted to the Legislature in January 2009. My office also provided the documentation and training necessary for agencies to fulfill this requirement.
- Defining the required structure for project governance (completed May 2008) leading the development of a rigorous and scalable IT project management methodology and training program which will be in place by October 2008.

To further support the enterprise programmatic requirements, I formed a Geospatial Information Systems (GIS) Task Force made up of state, federal and local government representatives to develop a statewide strategy to leverage the technology for environmental protection, natural resource management, traffic flow, emergency preparedness and response, land use planning and health and human services. The GIS Task Force, which I chair, will produce strategies for sharing geography-based data and displaying that data on standard maps of California by September 2008. Our intention is to streamline the deployment of GIS applications to give policymakers and the public access to better decision-making tools.

My office is focused on utilizing the state's information resources to make government more responsive. Since the inception of the Office of Information Technology in 1983, the Legislature has understood that interoperable data and information systems will enhance services, inform decision making and reduce the cost of government operations. While several state agencies, including the Board of Equalization, Employment Development Department, the Franchise Tax Board, and the Department of Motor Vehicles have made progress on data sharing, data warehousing and business intelligence, technology only now enables data sharing on an enterprise-wide basis.

Recognizing the significant opportunities that exist to leverage existing data, my office will establish a comprehensive data strategy, including enterprise standards for data sharing, by June 2009.

Data warehousing and advanced business analytics/business intelligence are critical to allow the state to get the most value from shared data. To this end, my office will establish a common standard for database management systems in FY 2008-2009 and move toward the consolidation of all legacy data warehouses in FY 2011-2012. As a complement to data sharing, data integration represents the processes and methods through which data is transformed into information to support business processes. This includes the internal framework for service oriented architecture, data interfaces with trading partners, and the standards needed to maximize the reuse of software and data. My office is developing an enterprise level data integration framework and strategy that will be completed by July 2009.

Lastly, we will establish data governance procedures to include data security, standardized data models, rules and best practices for regulatory and statutory compliance, privacy, and data preservation. My office has established a data governance working group in partnership with the Director of the Office of Information Security and Privacy Protection that will produce a network and data security plan and standards in 2009.

IT Procurement Reforms

In 2005 the Legislature passed and the Governor signed SB 954 (Figueroa), Chapter 556, Statutes of 2005, which represents an opportunity for the state, through the Department of General Services (DGS), to reform its IT procurement policies, save money, improve accountability, and provide better quality services to Californians. The state CIO is responsible for approving, suspending, terminating, and reinstating IT projects.

7. *What is your assessment of whether these reforms are working?*

While the "solutions-based" procurement methodology has tremendous potential to save money, improve accountability and provide better quality services to Californians, it is still too early to assess whether these reforms are working. This is still a relatively new process and the first procurements using this process are still underway.

8. *What is your role in ensuring that the reforms outlined in SB 954 are properly and widely implemented? Are you working with DGS to implement the reforms and, if so, how?*

Given my responsibilities for IT project approval, I am involved in ensuring that the reforms outlined in SB 954 are properly and widely implemented. Specifically, my office reviews Feasibility Study Reports to establish the basis for project approval and then

works directly with DGS and the initiating department to prepare and develop the necessary procurement documents for approved projects. During the procurement process, my office is actively engaged with DGS and the initiating department on critical issues. Post-procurement, my office reviews Special Project Reports to ensure that the winning IT solution is consistent with department's business case and enterprise architecture, and that the IT solution provides a reasonable return on investment.

9. *What is the timetable for ensuring that all major IT procurements reflect the reforms contained in SB 954?*

Consistent with SB 954 and the resulting Management Memorandum (MM 07-02), the "solutions-based" procurement model is now the default model for all major IT procurements (≥ $5 million) conducted by the Department of General Services.

10. *Beyond SB 954's reforms, what other strategies will you implement to entice more IT bidders? What are their timetables for implementation? What obstacles do you see that would prevent them from being accomplished?*

Beyond SB 954's reforms, I continue to work with DGS to implement several strategies to increase competition for IT projects. The most significant of these efforts include:

- Maintaining vendor accountability while reducing unnecessary risk to systems integrators by limiting their responsibility to warranting the overall IT solution rather than the underlying third-party commercial hardware and software used as part of the solution. This practice has been implemented.
- Establishing a model to appropriately manage the financial risks associated with IT procurements as required by AB 617 (Torrico), Chapter 736, Statutes of 2007. This model will be completed and implemented in 2008.
- Allowing for more frequent negotiation of contract terms and conditions as allowed by Public Contract Code Section 6611. This practice will be implemented in FY 2008-09.
- Breaking large IT projects into several small contracts, either according to function or phase, to allow smaller IT vendors to more effectively compete for state contracts. This practice will be implemented in FY 2008-09.
- Defining an open, standards-based, enterprise architecture to reduce the complexity, and thus the risks to both vendors and the state, associated with implementing IT projects. The enterprise architecture will be defined by June 2009.

Those who have benefited from the current IT procurement process may raise complaints about the proposed changes and attempt to prevent their successful implementation. I will continue to work with DGS to proactively reach out to the IT vendor community regarding policy and procurement issues and I am confident that these efforts will mitigate efforts to derail these needed procurement reforms.

Recruitment, Retention, and Succession Planning

The demographics of the state workforce are such that state agencies need to actively engage in workforce and succession planning to recruit and train workers to fill both entry level and management positions. Data from the State Personnel Board indicates that 44 percent of the state's current workforce is over the age of 45. With 35 percent of the state's workforce eligible to retire in the next five years, the state could face a loss of over 80,000 personnel in a short period of time.

In the IT world, the loss of personnel has added implications when employees who have expertise regarding older, sometimes antiquated, IT systems and applications leave and there are few possible replacements who have similar skills.

11. *What do you see as the major challenges affecting the state's ability to maintain a skilled IT workforce? How should we address them?*

Maintaining a skilled IT workforce is significantly challenged by the fact that according to the Department of Personnel Administration (DPA), state agencies are already experiencing IT staff vacancy rates ranging from ten to 15 percent and 57 percent of the state's current IT personnel will have retired or be eligible to retire in the next 10 years. And, given the age of the technology that supports vital services for the state, in many cases, it is not possible to find personnel with the IT skills necessary to operate the legacy technologies used in state government today.

At the same time, there is a need to continually train state IT personnel due to the changing technology environment and their changing role in state government. While technical skills are essential for a large portion of state IT personnel, a growing number of IT personnel must move from a purely technical capability to understanding and communicating how technology can change the way the state does business. These employees must be innovative and creative in utilizing scarce resources to improve the way residents and businesses interact with state government, they must possess strong project management and leadership skills to handle the size and scope of California's IT projects and they must be able to effectively communicate with members of the Legislature and legislative staff, agency and departments executives, and other constituents.

The current situation is exacerbated by the lack of clear information on where the skill shortages (e.g., specific technical knowledge) will occur throughout the state, when these shortages will reach crisis levels, and how much funding will be necessary to ensure adequate skills transfer occurs to continue operating the state's legacy systems.

Addressing these challenges begins with good data about the state's existing IT workforce and a clear understanding of our future needs. As part of the IT capital planning process, Agencies and departments will lay out their proposed IT investments over the five years as well as their workforce and succession plans and information about their workforce development efforts. My office will compile this information and

provide a projection of future workforce needs as part of the Statewide IT Capital Plan in January 2009. Following the release of this information, I will convene a taskforce focused on workforce and succession planning and workforce development made up of representatives from DPA, the State Personnel Board (SPB), employee unions, and other stakeholders to develop a statewide plan to address these issues.

In addition to the human capital planning effort I will lead, my office will continue to work with state agencies develop strategies to replace legacy technology and train existing state IT personnel to operate and support these systems during the migration period.

12. *Please describe any specific plans to recruit and train the highly trained IT personnel necessary to fill these positions when existing staff retire.*

In addition to the comprehensive IT human capital planning effort I will lead, my office will continue to be actively engaged in the IT Human Resources Classification and Selection Project. This effort will result in a modern and flexible State IT classification plan, replacing the State's legacy selection systems, and establish skills-based certification authority for IT classes.

My office will also take significant steps to recruit and train IT staff, including:

- Working with SPB to allow for open examinations for all IT classifications;
- Seeking pay differentials to aid in the recruitment and retention of key personnel;
- Expanding partnerships with colleges and universities to recruit IT staff and establish a multi-agency IT recruiting team;
- Enhancing and expanding existing IT project management and systems development training programs; and
- Providing practice, system, and technology oriented educational forums and professional development events.

13. *What efforts would you recommend to develop more in-house expertise? How do you propose to balance the use of public employees versus private contractors?*

As previously discussed, I plan to engage in a comprehensive employee development and recruitment effort to develop the state IT staff necessary to effectively manage the development, implementation and maintenance of the state's IT systems. Balancing the use of public employees versus private contractors requires a multifaceted approach that involves:

- Educating state executive about their responsibilities under Government Code Section 19130, subsections a and b;
- Streamlining and simplifying the hiring process while maintaining the values of the Civil Service system;
- Continually upgrading the skill sets of state IT personnel; and
- Working with the Department of Personnel Administration to provide the compensation and other non-monetary benefits necessary to recruit and retain critical skill sets.

Information Security and Privacy

In 2008 the Office of Information Security and Privacy Protection was established within the State and Consumer Services Agency to combine "consumer privacy protection with the oversight of government's responsible management of information."

14. *In September 2007 your predecessor issued a "security message" stating, in part, "Information security and privacy needs to be ubiquitous in our thinking, planning and day-to-day handling of information." Do you agree with this statement? If so, what steps do you recommend to ensure that information security and privacy is part of the state's everyday thinking?*

I share Clark Kelso's commitment to information security and privacy protection because virtually every aspect of governing and administering state programs requires an awareness of the security and privacy on the information entrusted to government by Californians. As such, state government has a unique responsibility to protect the information assets of our residents. While technology can provide a degree of protection through appropriately implemented and managed security processes, devices and applications, a large proportion of data security incidents are the result of poor practices and unauthorized activity by state employees. In my experience, education and training are the most efficient and effective means of helping employees realize their responsibilities for handling information appropriately.

Technology is just one leg of the three legged stool of information security, with the other two legs being procedures and people. Unless state employees understand that they have the most important role in protecting personal and other confidential information, no technical solution available today can prevent its loss. Existing state policy requires privacy training, at least annually, for all employees and contractors who handle personal or other confidential information (see SAM sec. 5325 and Management Memo 06-12). The Office of Information Security & Privacy Protection (OISPP) already provides basic privacy training materials for state employees and they are currently working to develop a Web-based training platform that will include specialized modules in addition to the basic training. I will partner with the Office of Information Security and Privacy Protection to develop the contents of the training modules intended for IT staff who play a critical role in protecting state information assets.

In addition to annual training, an ongoing privacy and security awareness program is critical to building a culture of respect for information security and privacy in state government; the Office of Information Security and Privacy Protection provides awareness materials to departments to use for such efforts. Protecting privacy is everyone's job and it requires eternal vigilance.

15. *How do you see your role as state CIO interacting with the newly created Office of Information Security and Privacy Protection? How do you intend to work with this office?*

Information security and privacy are tightly integrated into the state information technology framework so it is critical that my office work very closely with the Office of Information Security and Privacy Protection. In fact, I meet regularly with the Director of the Office of Information Security and Privacy Protection and our offices are co-located to capitalize on the synergies I have seen result from close coordination in the past.

As my office moves forward with the development of a robust Enterprise Architecture, it is critical that we address privacy and security issues from the beginning of the IT project lifecycle for new projects. Integrating security into the project development phase is more effective and efficient than adding security controls to systems after they have been implemented. I expect to continue to work closely with the Office of Information Security and Privacy Protection to ensure that we make intelligent decisions about providing appropriate controls in all new technology projects.

16. *The Department of Consumer Affairs recently notified over 5,000 employees and board members that personal information about them had been released. Will you play a role in attempting to prevent this type of data breach or follow up to prevent recurrence?*

I am acutely aware of the importance of information security and privacy and also of the costs, both in dollars and in loss of credibility in the public's eyes that result from a security breach of this type. While not all breaches involve information technology, I believe that our IT systems and applications must be designed and configured with information security in mind, that our policies and practices must be robust and tested and that we must provide effective and regular training to our employees for government to maintain the trust of the public we serve. I will continue to be an advocate for best practices in information security and privacy and will ensure that the state's IT policies serve to bolster the practices.

ATTACHMENT 1

IT Capital Planning Process

California needs an overarching business-driven IT strategy that ensures the statewide strategic use of technology, rather than independent initiatives that dissipate the state's financial and technical capacity. To forge the necessary integration of the business and IT functions in California state government, beginning in Fiscal Year 2008-09 state agencies will be required to prepare and submit a Five Year IT Capital Plan to the Office of the Chief Information Officer (OCIO) and the Department of Finance. On June 30, 2008, the OCIO released Management Memo 08-07, which establishes the five-year IT capital planning process.

The Management Memo (MM) 08-07 announces: (1) The process for preparing and submitting Information Technology (IT) Capital Plans; and (2) The associated updates to the State Administrative Manual (SAM) and Statewide Information Management Manual (SIMM). MM 08-07 is available at: http://www.documents.dgs.ca.gov/osp/sam/mmemos/MM08_07.pdf

The IT Capital Plan is a component of the OCIO's May 15, 2008 Supplemental Report to the Legislature (Item 0502-001-9730 1) that outlined the role of the agency and provided a plan for strengthening statewide information technology to create a more responsive state government. The IT Capital Plan has been added to the SIMM as Section 57, and is available at:

http://www.cio.ca.gov/Government/IT_Policy/SIMM.html

The Supplemental report is also available at:

http://www.cio.ca.gov/Publications/2008LegislativeReports.htm

The Office of the Chief Information Officer (OCIO) reminds Agencies and Departments that completed Agency and Department IT Capital Plans must be submitted electronically to the OCIO and the Department of Finance by October 1, 2008. For further information, Agencies and Departments should contact their assigned OCIO manager. A list of OCIO staff assignments is available at:

http://www.cio.ca.gov/staffAssignments.html

Training Materials

Roles and Responsibilities

The California State Teachers' Retirement System (CalSTRS) is the largest teachers' retirement system in the United States, with approximately 813,000 members and beneficiaries and assets of $171 billion. It covers teachers in public K-12 schools and community colleges. The primary responsibilities of CalSTRS include maintaining a fiscally sound plan for funding approved benefits, providing authorized benefits to members and beneficiaries in a timely manner, and furnishing pertinent information to teachers, school districts, and other interested groups. The board has overall management responsibility for CalSTRS and the authority to review applications for CalSTRS benefits.

1. *What have been your most significant accomplishments during your first term on the State Teachers' Retirement Board? What do you hope to accomplish during your current tenure? How will you measure your success? Please be specific.*

California school districts are struggling with health care funding challenges and are subject to GASB disclosure requirements regarding district indebtedness for retiree health insurance. The CalSTRS Board asked staff to help school districts meet their disclosure requirements.

The teacher health care issue goes far beyond disclosure and, I contend, puts California educator retirement in jeopardy. I believe I've made a significant contribution by raising board and public awareness of the health insurance challenges retirees are facing.

When I met with retired teachers through out the state I encounter teachers in a panic over the costs of health care. While a few large districts such as LAUSD, Oakland, and San Francisco provide life-long health care for retired teachers, it appeared most districts from small or rural districts did not.

As the only teacher on the CalSTRS Board from a small rural district that provides no insurance, I advocated also using our task force for a new look at the retiree health insurance situation. Our board voted to form a task force to examine the challenges our retired teacher face as they try to access, and pay for, health insurance. They are considerable and getting worse.

As chair of a new committee (the Appeals Committee), chair of the Legislative Committee, and vice-chair of the board, many more accomplishments are works in progress but currently incomplete. First and foremost, I hope, with your help and support, that we will be able to collaboratively tackle a plan to resolve the CalSTRS unfunded actuarial obligation.

2. *What do you believe is the most important responsibility of a board member?*

The responsibility of each board member is to be a diligent fiduciary and always put the financial welfare of our members, and their retirement security first.

3. *Since you are appointed to a "public member" seat, what do you believe your responsibilities are to the public in general?*

While my seat on the CalSTRS Board represents retired CalSTRS members, this position is, as are all board positions, as fiduciary to all of the 800,000 members of the CalSTRS system, both active and retired. It is my responsibility to always keep the entire membership in mind whenever I vote or speak for the board.

4. *What training and assistance do you receive from staff or others to assist you in deliberating often complex CalSTRS' issues?*

At the suggestion of CEO Jack I attended the fiduciary college training at Stanford University shortly after I was first appointed to the board. It was at that training that I first fully understood the importance of the position I hold, including the personal and professional, liability I've accepted in behalf of California's educators.

CalSTRS staff presents a wide range of outstanding opportunities for growth so board members are well informed and continually expanding our knowledge base. I participate as often as I possible. At the suggestion of the board fiduciary counsel we also receive *The Economist*, *Pensions and Investments*, *The Deal*, numerous online articles, and access to various conferences that specialize in timely issues relevant to our decision-making.

The staff work that goes into our meeting agendas and board education meetings is extensive. Outside experts are frequently brought in as needed. The education opportunities presented to us by staff are of the highest quality, as is the work they do in our behalf. I feel however that I am still on the lower half of a learning curve that is close to vertical, and will remain there for years if I am fortunate to receive your confirmation.

CalSTRS and the State Budget

The state is facing a budget crisis, with a projected multibillion dollar deficit. The Governor has put forward a budget proposal that will distribute this deficit equally to all areas of the budget, including education. As you know, the Governor has also put forward a budget proposal for CalSTRS that affects the Supplemental Benefit Maintenance Account (SBMA). The proposal would simultaneously (a) reduce the state's contribution to SBMA, (b) vest this benefit at 80 percent of purchasing power for CalSTRS' members, and (c) allow the board to increase future state contributions if more funding were needed to meet the obligation to retirees. At the same time, the

board has put forward a proposal that is similar to the Governor's proposal, but vests the purchasing-power benefit at a higher level (82.5 percent) than the Governor's proposal.

5. *When making a decision as a board member, how do you balance your fiduciary responsibility to CalSTRS' beneficiaries with the budgetary needs of the state, especially given the important role that the state plays in funding both the state's public K-12 system and the CalSTRS pension system?*

As a fiduciary my first responsibility is the financial security of the retirement system for California educators. It is my charge to do everything possible to be sure that when educators reach retirement they have a protected defined benefit retirement income. It is the obligation of CalSTRS board members to responsibly administer the portfolio and its benefits on behalf of California's educators. The challenge is to provide a safe core benefit that will endure for our membership.

California owes much to its retired educators. Yet, California educators as a whole have education requirements, far above and retirement benefits far below, most other state employees - in particular those in public safety. It is my hope, as a member of the system, that our state will put retirement security for teachers, who have given so much for so long, a little higher on the ladder.

6. *In its analysis of the 2008-09 Budget Bill, the Legislative Analyst's Office raises various concerns about the Governor's proposal regarding SBMA, one of which is the risk that the state's contribution rate to SBMA would have to increase in future years. What is your opinion regarding the Vesting portion of the Governor's proposal and the benefits it gives to retirees versus the long-term liability it leaves for the state?*

The board collectively determined that vesting the SBMA simple benefit was important to protect retired members from inflation in light of educator benefits far below other public retirees in California. I believe that the State of California owes much of its success to its presently retired educators, some of whom live in abject poverty.

The majority of retired CalSTRS members (62%) have no district help with the expense of health insurance, health care costs, or long-term care. In addition, the 2% annual cola for CalSTRS is fee simple, lacking even the positive advantage of compounding to help with ever-escalating demands on limited funds. The final blow is a Social Security off-set for California teachers. If California examines its long-term liabilities, surely fractions of a percentage point from its already meager contribution to teachers should be at the bottom of its priorities for cuts.

Unfunded Liability

The most recent CalSTRS actuarial valuation found the system's unfunded liability to be approximately $19.6 billion, leaving the system 87 percent funded. The size of the unfunded liability decreased relative to the previous year's valuation. While this unfunded liability is comparable to that of big pension systems in other states, it is still substantial.

7. *Based on the information you have, what do you believe is the best option for addressing the unfunded liability? How did you reach your conclusion?*

Based on the three years I have been on the CalSTRS board, the best alternative for closing the unfunded liability is to give the CalSTRS Board the authority to raise contributions on employers and members incrementally. This should be done with clear advanced warning, by a small amount each year, to close the gap. When the obligation is fully funded then negotiations should begin to decide if a reduction in contributions, or an enhancement of benefits, is best for the teachers.

My conclusion is based on the sum of all the board presentations and conferences I attended, articles read, and expert information provided over the tenure of my board membership. The longer this decision drags on, the larger the size of the increments that will become necessary to bring the fund back to health.

8. *When considering options to address the unfunded liability, how do you balance the following considerations: the current volatility in the financial markets, the state's fiscal situation, and your obligation to CalSTRS' members?*

I'm a fiduciary to the educators of this state. My obligation is first and foremost to our members. We expect volatility in the markets and allow for it in our planning. We invest for the long term, and build short term volatility into our projections. Our investment professionals are as good as it gets.

Retiree Health Benefits

Currently, individual school districts make decisions about whether to fund the health benefits of their retired teachers. According to the Legislative Analyst's Office, 60 percent of school districts report providing some amount of health benefits to retirees, with some of these districts reporting substantial unfunded liabilities. As you know, the CalSTRS' board recently considered a proposal to redirect a portion of future state contributions that otherwise would be credited to SBMA to fund a health care benefit to retired members.

9. *The Governor's Post-Employment Benefits Commission recommended that local governments in California (including school districts) pre-fund all retiree health benefits. What are your views of this recommendation given the difficult budget*

situation? How might school districts go about implementing such a recommendation?

Ideally, the recommendation makes sense. Pre-funding will be a challenge to most districts in the state, particularly those with declining enrollment, due to the fiscal challenges they already face. My concern is for teachers who are currently retired and have no way to pay for the ever-increasing demands of health care.

10. *The board recently proposed redirecting a portion of future state contributions to SBMA and instead using these for health care benefits for retired members. How does this proposal fit into the overall retiree health issue?*

In actuality, the board has not voted to redirect a portion the SBMA to a health care benefit. I believe the health insurance task force is reporting at our June meeting.

CalSTRS studies on the adequacy of its benefits have identified the importance that employer paid retiree health plays in allowing retirees to maintain their standard of living. If 62 percent of current retirees do not have any district provided health care in retirement, then our projections of an adequate retirement are based on a fallacious premise. Even more ominous for future staffing projections, those who have retiree health care are from large districts. Districts under 500 teachers generally lack any district-provided retiree health insurance. The implications for future California teacher recruitment are troubling.

Corporate Governance and Investment Performance

In recent years, large public employee pension funds have positioned themselves to exert influence on the corporations in which they invest.

11. *What are your views on the board's corporate governance policy and its relationship to the board's fiduciary responsibility to its members?*

Good corporate governance results in a stronger, healthier company. As a rule stronger companies that are accountable to stockholders earn better returns. I see no disconnect that would cause me, as a fiduciary, any concern. CalSTRS exemplary leadership in this area, along with CalPERS, is recognized worldwide. This should be a source of pride for the Legislature and the Governor.

When the stock market experiences a major decline, the value of many investments is reduced. Although public pension fund portfolios are indexed and diversified, at times major declines in the stock market have resulted in significant losses for public pension funds.

12. *What long-range and preventive measures should public pension funds, such as CalSTRS, implement to reduce or mitigate the risk of catastrophic losses in the stock market?*

The only way to mitigate risk in our portfolio is to be well diversified and plan for the long term. We do both. Additionally our long term time horizon of our diversified portfolio allows for, no expects, down periods. Our investment staff can't hit 22 percent every year, but what a thrill when it does!

Actuarial Analyses

The board has the ability to ask for actuarial analyses of CalSTRS' assets and various proposals that would affect its liabilities. To perform its analyses, the actuary must make certain assumptions about future economic factors. For example, in evaluation the latest proposal to reduce the state's contribution for SBMA, the actuary assumed that inflation would average 3.25 percent annually over the next 30 years.

13. *What responsibility do you believe you have as a board member to assess whether the actuary's assumptions represent both the worst- and best-case scenarios? How do you intent to carry out this responsibility?*

We continue to ask for a best and worst-case scenario of both our staff and board actuarial counsel. We also solicit outside actuarial advice on a regular basis. With a portfolio as large as ours we continually hold ourselves to the "prudent man" test. On certain issues, such as this one, I need to rely on the experts. The 3.25 percent assumption once again however illustrates the inadequacy of the teachers 2.0 percent non-compounded, non-vested annual cola.

14. *The Governor's Post-Employment Benefits Commission recommended that the state create a California actuarial advisory panel to advise retirement systems. What is your opinion of this recommendation?*

We already have independent actuarial advice to the board, but I have no problem with this recommendation as long as the expense for this panel does not come from teacher funds. I would imagine that this new panel would be a benefit to smaller entities with fewer resources.

601-R

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